

THE GLOBAL NEWSPAPER
Edited in Paris
Printed Simultaneously in
Paris, London, Zurich,
Hong Kong and Singapore

Herald Tribune

Published With The New York Times and The Washington Post

No. 31,303

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PARIS, WEDNESDAY, OCTOBER 12, 1983

ESTABLISHED 1887

U.S. Aides Say Soviet May Halt Arms Talks

By Bernard Gwertzman

New York Times Service

WASHINGTON — Administration officials said Tuesday that they were preparing for the possibility that the Soviet Union might soon suspend negotiations with the United States on limiting missiles in Europe.

They said that the Soviet side at the Geneva talks had privately threatened to cut short the negotiations if the North Atlantic Treaty Organization went ahead with the planned deployment of the first of 572 new U.S. missiles in mid-December.

There is uncertainty, however, the officials said, whether the Soviet Union would stage "a walkout" from the talks, and if so, when this would happen. Some officials said Tuesday that they thought the Russians might suspend the talks in the next week or so, but others said they expected a less dramatic Soviet move. So far, the Russians have not officially made known their intentions, but this might come as early as Wednesday, one senior official said Tuesday.

In addition to suspending the talks on medium-range missiles, known officially as Intermediate Nuclear Force (INF) negotiations, the Soviet Union has also suggested privately that it might halt the concurrent negotiations on strategic arms reduction talks (START), officials said.

The White House, in apparent anticipation of a possible Soviet move, said Tuesday: "While threats to disrupt the Geneva talks have consistently been part of Soviet propaganda tactics, designed to undercut support for planned U.S. INF deployments in Europe, the Soviets have not asked for a recess either in START or INF talks."

"We are preparing for any contingency," one State Department official said. "We are not flagging in our interest in getting an agreement. And if the Russians quit the talks, the blame has to be pinned right on them."

With the initial deployment of the new U.S. missiles in Europe only two months away, if no accord is reached in the meantime in the Geneva negotiations on limiting medium-range missiles, officials here said they expected Moscow to launch a major campaign in coming weeks to try to persuade Europeans not to allow it to happen. The first deployment of the 572 new U.S. missiles is to take place in West Germany, Italy and Britain.

Some administration officials said that Moscow may decide to try to shock the West and abruptly call off the talks well before December, when the West Germans are to deploy the first batch of nine Pershing-2 missiles out of a projected 108 over the next three years. Small numbers of cruise missiles are due to be deployed at the end of the year in Britain and Italy.

The negotiations resumed in Geneva on Sept. 6, and according to the chief U.S. negotiator, Paul H. Nitze, who briefed NATO officials last Friday, they have made no significant progress.

Usually, each round of negotiations lasts for two weeks and then recesses for another two.

But Mr. Nitze proposed last week to his Soviet counterpart, Yuri A. Kisvitsky, that instead of taking their regular break in November, the two sides continue the talks at least through mid-December and make a determined effort to achieve a breakthrough. Mr. Kisvitsky promised to respond when asked with Mr. Nitze in Geneva on Wednesday.

Thorn Is Said to Overrule Halting Farm Payments

Reuters

ATHENS — Gaston Thorn, president of the European Commission, has overruled a decision by his farm commissioner to halt advance payments of \$360 million to farmers because of the European Community's cash shortage, the Italian government said Tuesday.

The government made the announcement after Italian ministers protested Farm Commissioner Paul Dalsager's decision on the payments. The decision was made public Monday night.

The Italian ministers had alleged discrimination against Mediterranean products.

The Italian government quoted Mr. Thorn as saying that Mr. Dalsager had not been empowered to take such action without prior approval of the entire 14-member commission, which will meet Friday to discuss the issue.

It said Italy was particularly worried that the bulk of the cut-back in farm payments would hit producers of citrus fruit and tomatoes.



Shelves in Tel Aviv markets emptied quickly Tuesday with the news of a sharp rise in the prices of basic food items.

Israel Devalues Shekel, Forces Food Prices Up

By Edward Walsh

Washington Post Service

JERUSALEM — Israel awoke Tuesday to the cold dawn of a new economic era, with the value of its currency drastically slashed overnight and the price of such basic commodities as bread and milk earmarked for sharp increases.

The severe new economic measures were the result of an all-night cabinet meeting, the first held by the government of Prime Minister Yitzhak Shamir, which took power Monday night after winning a parliamentary vote of confidence.

Early Tuesday, the cabinet announced a 23-percent devaluation of the Israeli currency, the shekel, and a sharp reduction in government subsidies of basic food items, forcing an average increase of 50 percent in the price of the commodities. The cabinet also announced a 23-percent increase in fuel prices.

The measures were an attempt by the new government to begin to get control of the deteriorating domestic economy. They are expected to be followed by other steps, including about \$1 billion in budget cuts and sharp increases in the cost of services, utilities and imported goods.

Late Monday afternoon, Israel's commercial banks announced a 5.5-percent devaluation of the shekel. But the Shamir government decided to push the total devaluation to 23 percent effective Tuesday, meaning that the shekel, which valued at 69.2 to the U.S. dollar on Monday, was selling at slightly over 80 to the dollar on Tuesday.

The value of the shekel has been artificially propped up by the Israeli government, leading to a growing balance-of-payments deficit that is a major factor in the country's economic troubles. Tuesday's devaluation followed a 7.5-percent devaluation that was imposed on Aug. 10 and an acceleration since then of the smaller daily devaluations of the Israeli currency against the U.S. dollar and other foreign currencies.

As a result of these measures, the Israeli currency has fallen in the last two months from a rate of \$3.1 shekels to \$1 on Aug. 9 to Tuesday's value of just over 80 to \$1.

The cuts in government subsidies

will not take effect until Wednesday, but Tuesday morning's announcement set off a rush of Israelis to buy milk, bread, frozen meat and other affected commodities at Tuesday's lower prices. Stores throughout the country were jammed with shoppers seeking to buy as much as they could pay for and carry away with them.

Meanwhile, government officials announced a tentative agreement to resolve a national banking crisis that threatens a sharp decline in the value of shares of stock in Israel's

commercial banks, in which Israelis have an estimated \$7.5 billion invested. The crisis has forced the closing of the Tel Aviv stock exchange since last week.

The plan, which still must be approved by the parliamentary finance committee, would allow investors to convert their threatened shares of bank stock into government-guaranteed bonds with a fixed yield.

As part of the arrangement, the

(Continued on Page 2, Col. 5)

Jumblat Rejects Venue For Peace Conference

By William Claiborne

Washington Post Service

BEIRUT — Attempts to get Lebanon's warring factions together for a conference of national reconciliation were thrown into confusion Tuesday as the Druze leader, Walid Jumblat, rejected the presidential palace at Baabda as a meeting site and suggested that the conference be held aboard a neutral ship in Lebanese waters.

A spokesman for President Amin Gemayel, however, said the president was unwilling to consider any sites other than his palace or Saudi Arabia.

On Monday, a senior U.S. official here had expressed optimism after Syria agreed to the Baabda site, providing it was acceptable to Mr. Jumblat, head of the Progressive Socialist Party. The official had predicted that the reconciliation conference could be held by next Wednesday at the palace.

Compounding the confusion over attempts to bring Mr. Gemayel's government and various religious factions together to discuss revisions in power-sharing in Lebanon was the appearance Tuesday of the Lebanese Army chief of staff, Major General Nadim Halikim, a Druze, in the Chuf mountain village of Moukara. He was with Druze officers who had defected from the Christian-led Lebanese Army after fighting in the mountains with the Syrian-backed Druze militia.

General Halikim, dressed in civilian clothes, told reporters he had not defected, but that he intended to consult with Mr. Jumblat when the latter returned from a European trip.

A spokesman for the Druze party here said that General Halikim "probably" would leave the Lebanese Army on Wednesday. The chief of staff's appearance with Druze defectors suggested that Mr. Jumblat's party might be attempting to apply pressure on the Gemayel government for bargaining purposes.

The only note of optimism Tuesday was a reported agreement that a preliminary meeting to discuss the conference's agenda would start Thursday at the Health Ministry here.

Mr. Jumblat, at a Stockholm press conference, said that he was returning to Damascus earlier than scheduled in an effort to consolidate the Sept. 26 cease-fire agreement that paved the way for the reconciliation talks.

[Mr. Jumblat arrived in Paris on Tuesday night on a flight from Stockholm, where he had met with Prime Minister Olof Palme. The Associated Press reported. During his stay in Paris, he is scheduled to meet with Raymond Edde, a Lebanese Christian parliamentarian who has been living in exile in France since 1977. Mr. Edde has been asked to attend the reconciliation conference.]

"We have not been able to find a



Walid Jumblat

safe place inside Lebanon, so maybe we can find a place outside, no a ship offshore, protected by somebody," Mr. Jumblat said in Stockholm. A statement by his party suggested a Greek ship flying the flag of Lebanon.

Dillon Leaves Beirut Post
U.S. Ambassador Robert Dillon ended his 28-month tour of duty in Lebanon on Tuesday. United Press International reported from Beirut. He said, "I feel rather sad about leaving. There are a lot of problems to be solved, but I don't leave pessimistically. It's just incomplete. But we are going to keep trying."

Mr. Dillon, who becomes the deputy commissioner of the United Nations Relief and Works Agency for Palestine Refugees, is succeeded in Beirut by Reginald Bartholomew, a State Department official.

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Tories Back Aide Who Admitted Affair

Reuters



Cecil Parkinson

BLACKPOOL, Englaod — Prime Minister Margaret Thatcher led the massed ranks of her Conservative Party Tuesday in a public display of support for her beleaguered secretary of trade and industry, Cecil Parkinson.

But there were new calls from party members for Mr. Parkinson to resign over his admission last week that his former secretary is expecting his baby. He is married and has three daughters.

Mrs. Thatcher, whose landslide re-election in June was masterminded by Mr. Parkinson as party chairman, joined in prolonged applause for him that broke out when his name was mentioned in speeches at the start of the Conservatives' annual conference.

Political sources said she was studying the response of the party rank-and-file at the conference to

determine Mr. Parkinson's future, and it was not certain that he would be on the platform when she concludes the conference on Friday.

The 52-year-old cabinet minister has gravely embarrassed the government and the party by his revelations and cast a shadow over the conference.

As expected, he was not present as the new party chairman, John Gummer, declared that the party owed Mr. Parkinson a debt of gratitude. Mr. Parkinson is to address the conference Thursday.

A rightist member of Parliament, Ivor Stanbrook, said in a statement that Mr. Parkinson should resign in the public interest.

And a leading Conservative union leader, Henry Shaw, said he would ask for a meeting with Mr. Parkinson this week to demand his resignation.

"It is hypocrisy for people to

claim that we should take no notice of what happens in their private lives," he said.

Mr. Shaw said party managers seemed to be flocking round to cover up Mr. Parkinson's affair, and added, "People don't like that. He should resign before he does more damage to the party."

Mr. Parkinson said in a television broadcast Monday night that he intended to continue in office and would not quit unless the prime minister felt that he had become a liability to the government.

In his statement last week, which was triggered by a brief and veiled reference in the satirical magazine Private Eye, the minister said he had once promised to marry his mistress, Sara Keyes, 36, but had decided to return to his family.

Mrs. Thatcher has twice issued statements saying that Mr. Parkinson's affair is a private matter and that the question of his leaving the government has not arisen.

Bomb Victims Returned As South Koreans Rally

Compiled by Our Staff From Dispatches

SEOUL — The bodies of 16 South Korean officials killed by a bomb in Burma arrived home Tuesday as tens of thousands of people, some waving anti-Communist slogans with their own blood, rallied to blame North Korea for the attack.

Prime Minister Kim Sang Hup and the surviving members of the cabinet stood alongside grieving relatives as the special flight from Rangoon arrived at Kimpo International Airport. Four cabinet members were killed in the attack Sunday.

By noon on Tuesday, crowds thought to total more than 100,000 people had gathered to express outrage at the bombing. In one of the largest rallies, about 5,000 people demonstrated in the southern city of Taegu.

In Seoul, about 30 civic organizations, business groups and high schools sponsored rallies denouncing North Korea. Among them was a group of wounded war veterans who slashed their fingers and let their own blood. Other demonstrators burned effigies of the North Korean president, Kim Il Sung.

In the southeastern port city of

Pusan, about 1,000 servicemen wounded in the 1950-53 war between the two Koreas denounced North Korea and chanted such slogans as "We will crush Kim Il Sung."

As the crowds protested the bombing, the government set up a committee to monitor the nation's economy and forestall possible economic confusion or unrest growing from the incident.

President Chun Doo Hwan, who narrowly missed the bombing at a ceremonial site in Rangoon because his motorcade was delayed, lost his leading aides for economic affairs in the bombing.

Among the dead were Deputy Prime Minister So Suk Chun, who also served as head of the economic planning board, and Kim Jae Ik, who was chief presidential secretary for economic affairs, a non-cabinet post. Both were considered instrumental in forming major economic policies.

There was no indication when Mr. Chun would announce replacements for the two economic experts and others killed in the bombing. These included Foreign Minister Lee Eun Suk; Kim Dong White, the commerce and industry minister; and Suh Sang Chul, the energy and resources minister.

Three Burmese also were killed and 48 persons were wounded when the bomb exploded at the Martyr's Mausoleum north of Rangoon on the first day of an 18-day Asian goodwill tour by President Chun.

The Burmese government is investigating the bombing but has yet to accuse any individual or group of responsibility. Several dissident groups are active in Burma, including communist rebels.

A South Korean committee led by the sports minister, Lee Won Kyung, arrived from Seoul to conduct its own investigation.

The White House announced that Defense Secretary Caspar W. Weinberger would go to Seoul for a "national funeral service" scheduled Thursday for the bomb victims. President Ronald Reagan assured Mr. Chun in a letter, delivered Monday, that he would visit Seoul in November as planned.

Mr. Chun returned immediately to Seoul after the bombing and blamed it on North Korea. The armed forces and police went on a state of alert.

A spokesman for both the South Korean and U.S. military commands said the situation was normal along the Demilitarized Zone that divides the North and South.



A group of elderly South Koreans at a rally in Seoul on Tuesday condemned the North Korean president, Kim Il Sung, for the bombing deaths of several leading South Korean officials. Their placards said "mankind curses him" and demanded "blood for blood."

Cuts Weaken Civil Rights Enforcement in U.S., Report Says

By Robert Pear

New York Times Service

WASHINGTON — The Commission on Civil Rights says in a report that two years of fiscal austerity and staff reductions have seriously eroded the enforcement of civil rights by the federal government.

The report asserted that there had been a noticeable decline in enforcement at six agencies: the Departments of Justice, Education, Labor, Health and Human Services, and Housing and Urban Development, as well as the Equal Employment Opportunity Commission.

In some areas, such as housing, it said, compliance reviews and investigations have declined to the point that "they have become virtually negligible."

The report is the latest in a series by the commission critical of the civil rights policies of the Reagan administration. White House officials contend that such criticism is politically motivated, but commission members deny it. President

Ronald Reagan is trying to replace three of the six commission members, but the Senate has yet to confirm his nominees.

The conclusions of the report were disputed Monday by administration officials, who said their interpretation of the same data used by the panel showed that there had been an increase rather than an erosion of civil rights enforcement.

Commenting on the report, the officials insisted that total spending for enforcement had increased to \$607 million in 1983 from \$513 million in the fiscal year 1980, with \$634 million requested for 1984.

These figures reflect "a substantial increase in the priority accorded civil rights," Mr. Reagan said in his budget message in January.

The Labor Department's success in gaining back pay and other relief for victims of job discrimination has steadily declined, the report said.

"In fiscal year 1980, financial settlements totaled \$16.2 million, of which back pay amounted to \$9.2 million for 4,334 employees," it stated. By the fiscal year 1982,

financial settlements of discrimination complaints had fallen to \$7.3 million, including \$2.1 million in back pay for 1,133 employees.

Efforts to encourage voluntary compliance with the civil rights laws "have been virtually decimated by budget cuts during the last several years," the report said.

The 190-page survey has not been made public. It was prepared by the staff under the direction of commission members and distributed to the members during the weekend in advance of a commission meeting Tuesday.

Commission officials said there might be minor changes in the report before it is published. The data were drawn from official budget documents, congressional testimony, legal briefs, court decisions and agency responses to inquiries from the commission staff.

The commission is an independent, bipartisan advisory body with no enforcement powers. Its legal authority ran out last month, but under federal law, it has 60 days to shut down. Congress and the White House are trying to reach a com-

promise on a measure to extend the life of the commission, which was created in 1957.

At each of the six agencies examined by the panel, the number of employees working on enforcement declined between 1980 and 1983. The total number of full-time staff positions has declined 21 percent, to 6,575 employees, the report said. The steepest decline was found at the Department of Labor.

Federal officials have asserted that management improvements could offset the effects of the reductions in funds and personnel, but the commission report concluded that this had not happened. It said that spending for civil rights enforcement had declined at the Departments of Education and Labor, but increased at the other agencies.

However, the overall increase was not enough to keep pace with inflation, the report said. Using the appropriate factor to adjust for inflation, it said, "five of the six agencies reviewed would appear to have incurred losses totaling \$41 million (15.6 percent) of their actu-

al spending power for enforcement since fiscal year 1980." The housing agency was the only exception.

Michael J. Horowitz, counsel to the director of the Office of Management and Budget, said Monday it was "astounding and nonsensical" for the commission to suggest that outlays for civil rights enforcement should keep pace with inflation.

The commission said that the Department of Housing and Urban Development had taken "no concerted action" to curtail segregation in public housing projects that received money from the federal government. The department may be subject to a court order because of its "inaction," the report said.

The report commended Clarence Thomas, the chairman of the Equal Employment Opportunity Commission, for strong leadership. It also noted that the agency's budget had increased from \$125 million in the fiscal year 1980 to \$147 million in 1983. But, it said, the increase did not keep pace with inflation, and the number of employees declined by 8 percent, to 3,167.

Bonn Won't Promise Tanks to Saudis

Compiled by Our Staff From Dispatches

JEDDAH — West Germany will continue to consider the sale of arms to Saudi Arabia but has made no commitment to provide Leopard-2 tanks, according to a joint communiqué issued Tuesday at the end of Chancellor Helmut Kohl's three-day visit.

Speaking at a news conference before leaving for home, Mr. Kohl was asked if a Saudi delegation visiting West Germany later this year for arms talks would discuss the purchase of the tanks, despite Israeli objections.

"This will not be a subject of discussion," he said. "I have made no commitments on the tanks. The question has been a subject of discussion here, but we reached no decision."

The communiqué said the later talks would involve the delivery of German armaments "suitable for defense."

The modern Leopard-2 tank is considered more of an offensive weapon than a defensive one.

Sources in the West German delegation have said that Bonn is more

likely to offer the Saudis other weapons, such as the Gepard anti-aircraft tank, the Roland ground-to-air missile and the Marder armored personnel carrier.

Israel has protested to Bonn that tanks bought from West Germany could be used against it.

A Bonn government spokesman accompanying Mr. Kohl said Monday that during the official talks King Fahd had stressed "the defensive character of Saudi policies."

Before the chancellor left Oct. 5 on his six-day trip to Jordan, Egypt

and Saudi Arabia, Bonn diplomatic sources expressed the fear that the Saudis might insist on getting the Leopards, basing the claim on what they might consider a promise made by Helmut Schmidt when he was chancellor.

Mr. Schmidt appeared to favor sale of the tank until widespread opposition was expressed in his own Social Democratic Party against giving the Saudis a weapon that could be used against Israel.

West German press reports Tuesday indicated that the Saudis had not pressed the issue. They quoted King Fahd as having said that friendship between the two nations was not based on weapons.

The joint communiqué said the two countries had "agreed on the urgent importance of a peaceful and just settlement to the dispute in the Middle East and on the need for extensive efforts to achieve this goal."

Mr. Kohl said the Lebanese problem had been a major topic of discussions. He praised Saudi mediation efforts in Lebanon and said he hoped that they would continue to yield "positive results."

Terminating Israeli settlements in the occupied West Bank "a strong obstacle to peace," Mr. Kohl said his government supported the Palestinians' right to self-determination and the right of all states in the region to have secure borders.



Yasser Arafat flashing a victory sign to children at the refugee camp in northern Lebanon he is using as his base.

Fatah Dissidents Attack Arafat Offices in Syria

Reuters

DAMASCUS — Men loyal to the Palestinian guerrilla leader, Yasser Arafat, remained in control of several offices of his el-Fatah group in Damascus on Tuesday after losing two buildings to rebels in a gun battle Monday night.

Callers at the Fatah offices held by Arafat loyalists were searched, and witnesses reported the men inside were armed.

A rebellion within Fatah, the largest group in the Palestine Liberation Organization, broke into the open in May. Dissidents are demanding a tougher political line, armed struggle against Israel and a collective leadership. Mr. Arafat is the leader of both Fatah and the PLO.

Central Damascus was quiet Tuesday after Monday night's heavy bursts of automatic fire when the rebels stormed two Fatah buildings, including the headquarters of the man said to be Mr.

Arafat's representative here.

Palestinian sources said one of the rebels was killed during the fighting, which had previously been limited to clashes between rival PLO factions in Lebanon.

Witnesses said Syrian security forces sealed off streets leading to the fighting but did not intervene.

PLO factions had been scheduled to meet here Tuesday in a bid to settle their differences. It was not clear whether the meeting would occur despite the fighting.

A spokesman for Arafat loyalists accused the Damascus government, which expelled Mr. Arafat from Syria in June, of being behind the latest attacks.

Syria has denied Mr. Arafat's earlier charges that it was backing the revolt within the PLO.

Western diplomats said they did not believe President Hafez al-Assad of Syria wanted to see full-scale guerrilla war among the Palestinians in his capital.

WORLD BRIEFS

Jetliner Downing Blamed on Radar

MOSCOW (AP) — An official source said Tuesday that two Soviet radar failures and confusion by defense commanders allowed a South Korean jetliner to fly through Soviet airspace unnoticed for more than two hours before it was shot down Sept. 1 and led the Russians to believe it was a military plane.

The Soviet government source, who spoke on condition that he not be identified, contradicted the government version of events that led a Soviet plane to destroy the Korean Air Lines Boeing 747 near Sakhalin Island in the Sea of Japan. The source also said the decision to shoot down the jetliner last month was made by top military officials in Moscow and that civilian leaders were not consulted.

He said two of three radar stations on the Kamchatka peninsula that should have detected the plane Sept. 1 were not working and that the plane's intrusion of Soviet airspace was not confirmed until it reached Sakhalin Island, 400 miles (640 kilometers) southwest of Kamchatka.

Jewish Activist Faces Trial in Russia

MOSCOW (NYT) — Iosif Begun, a Jewish activist who has been under arrest in the city of Vladimir since last Nov. 6, will go on trial Thursday on charges of anti-Soviet agitation and propaganda, dissidents reported Tuesday.

Mr. Begun, an electronics engineer, was refused permission to emigrate to Israel more than 13 years ago on the ground that his work had given him access to classified information. In March 1977 he was sentenced to two years of exile in Siberia for "leading a parasitic way of life over a protracted period of time." On his release, he was rearrested and sentenced to three more years of exile for "violation of passport regulations."

China Accuses Hanoi of Border Raids

BEIJING (UPI) — China accused Vietnam Tuesday of new border provocations that it said killed or wounded "a number of Chinese border inhabitants."

An official protest lodged with the Vietnamese Embassy said Vietnamese forces staged more than 30 "armed provocations and intrusions" along the Chinese-Vietnamese border last month. "Over 2,000 rounds of ammunition [were] fired into China," the Foreign Ministry said.

The ministry demanded that the Vietnamese "stop forthwith their provocative activities." It said "otherwise they will be held fully responsible for all the consequences arising therefrom." The reported incidents were the first along the frontier since April, when China reported the outbreak of heavy artillery exchanges.

Rebels Blow Up Nicaragua Fuel Tank

MANAGUA (AP) — Rebel forces blew up and set fire to a fuel storage tank at Corinto on the Pacific coast, an army spokesman said Tuesday.

The spokesman, Commander Roberto Sánchez, said saboteurs attacked the tank shortly before midnight and firemen were still battling the blaze Tuesday morning. There were no reports of injuries, but more than 1,500 people in the area were evacuated, he said.

On Sept. 9, two rebel planes which the Nicaraguans said were based in Honduras rocketed and strafed Corinto, the country's principal oil-loading facility, damaging a tank loaded with acetone and a bridge on the highway leading into the city.

High Court Rejects Abscam Appeal

WASHINGTON (AP) — Richard Kelly, a former U.S. representative from Florida who was convicted in 1981 in the FBI's "Abscam" undercover operation, lost a Supreme Court appeal Tuesday and now can be sentenced to up to 15 years in prison.

The court, without comment, turned down a plea for a hearing by Mr. Kelly, who claims he is the victim of a crime manufactured by the government.

Mr. Kelly, a Republican, was convicted of taking \$25,000 in bribes to help with immigration problems. A jury viewed a videotape of him stuffing his pockets with \$100 bills given to him by an FBI agent posing as an aide to an Arab sheikh.

France Plans to Modernize Industry

PARIS (Reuters) — Industry Minister Laurent Fabius announced Tuesday that the government has decided to modernize France's industrial base rather than maintain jobs in money-losing older sectors that are unlikely to improve.

The declaration, which is certain to upset the government's Communist partners and trade union allies, appeared to mark a major shift from the employment-oriented policies that brought the Socialists to power in May 1981.

Mr. Fabius told the National Assembly that the government would do all it could to save financially troubled companies and to help laid-off workers find new jobs. But he made it clear the government's policy of "giving priority to the future" will mean lost employment in older industries.

Poland Says U.S. Seeks Confrontation

WARSAW (UPI) — Jerzy Urban, the chief spokesman for the Polish government, said Tuesday that President Ronald Reagan was responsible for direct interference in Polish affairs aimed at seeking a confrontation with the Warsaw Pact nations.

Opening the third major propaganda assault on the United States within 48 hours, Mr. Urban said the Nobel Peace Prize award to Lech Walesa, leader of the banned Solidarity union, and his honorary American university degrees were proof of a Western, U.S.-led conspiracy to destabilize Poland.

Mr. Urban's attack, which repeated allegations that U.S. diplomats were engaged in spying on Poland, followed accusations Monday by the Polish leader, General Wojciech Jaruzelski, that Washington was organizing a psychological war against Poland. The spying charges were first made in a television broadcast Sunday.

For the Record

Secretary of State George P. Shultz will visit El Salvador this month for talks with Alfredo Alvaro Magaña, the Salvadoran president. State Department officials said Tuesday in Washington. Langhorne Motley, assistant secretary for Latin America, will meet officials in Nicaragua this week on a separate trip. (UPI)

Prime Minister Wilfried Martens of Belgium resumed work Tuesday after a two-month convalescence from open-heart surgery. (Reuters)

Alger Hiss, convicted of perjury during the McCarthy era amid charges that he was a Communist spy, lost his bid Tuesday to have the U.S. Supreme Court review his case. The court let stand a ruling denying him a re-examination of certain evidence used against him. (UPI)

The launch of an international communications satellite, delayed twice because of technical problems, has been rescheduled for Oct. 18, the European Space Agency said Tuesday in Paris. (Reuters)

3 Reported Hurt in Soyuz Accident

By Dusko Doder

Washington Post Service

MOSCOW — Three Soviet cosmonauts were injured when a booster rocket exploded on a launch pad as it was about to send them into orbit for a rendezvous with the Salyut-7 space station two weeks ago, well-informed sources disclosed Tuesday.

The sources did not reveal the identity of the cosmonauts except to say that one was a woman.

The three sustained unspecified injuries in the "disaster" that took place Sept. 27 at the Baikonur Cos-

modrome in Soviet Central Asia, the sources said. Their space module, ejected from atop the giant A-2 booster rocket as its liquid fuel blew up underneath them, subsequently parachuted to the ground.

The reason for the explosion is not known, and there has been no public mention of the accident so far in the Soviet media.

Tuesday's disclosure largely confirmed earlier reports that were based on information from U.S. intelligence sources in Washington.

The three cosmonauts were due to visit the Salyut-7 station, which

has been manned by Alexander Alexandrov and Vladimir Lyakhov since June. The mission of the three apparently was to spend a week aboard the Salyut-7 and then return aboard the Soyuz capsule which carried Mr. Alexandrov and Mr. Lyakhov to orbit.

This means that the ill-fated Soyuz module would have docked with the station to be subsequently used by Mr. Alexandrov and Mr. Lyakhov once they are to return to Earth.

Western space specialists in Moscow said that the incident did not mean there was any immediate concern over the ability of the two orbiting cosmonauts to return to Earth. Experts believe that their original module, despite its weakened batteries and reduced fuel supply, can be used for a return journey.

Last April, three Soviet cosmonauts aboard a Soyuz T-8 spacecraft were forced to abandon attempts to rendezvous and dock with the Salyut-7 laboratory.

The two incidents appear to constitute a blow to Soviet progress toward a large, permanently manned orbital station.

Israel Devalues Its Currency, Forces Jump in Food Prices

(Continued from Page 1)

The Shamir cabinet, called into emergency session shortly after being sworn into office Monday night, fought over these measures until past dawn. They were the first concrete manifestations of Mr. Shamir's warning in a speech Monday that Israel had been living beyond its means and must begin a painful process of retrenchment involving budget cuts, price rises and devaluation of the currency.

The swift action was apparently intended as a jolt to the country and an attempt to gain the political initiative before opposition begins to mount. However, opposition began to stir almost immediately.

The Histadrut, Israel's giant labor federation, which is closely tied to the opposition Labor alignment, announced that it would hold a two-hour national warning strike next week against government attempts not to provide full compensation to workers for the price rises and devaluation, something that is customarily done through Israel's elaborate cost-of-living wage indexing system.

The Shamir government, like the previous government of Prime Minister Menachem Begin, is seeking to weaken this automatic link between price rises and wages in an effort to control inflation.

Mr. Fabius told the National Assembly that the government would do all it could to save financially troubled companies and to help laid-off workers find new jobs. But he made it clear the government's policy of "giving priority to the future" will mean lost employment in older industries.

Mr. Urban's attack, which repeated allegations that U.S. diplomats were engaged in spying on Poland, followed accusations Monday by the Polish leader, General Wojciech Jaruzelski, that Washington was organizing a psychological war against Poland. The spying charges were first made in a television broadcast Sunday.

The Shamir government, like the previous government of Prime Minister Menachem Begin, is seeking to weaken this automatic link between price rises and wages in an effort to control inflation.

South African Rebels Claim 3 Bomb Blasts

Reuters

DAR ES SALAAM, Tanzania — The African National Congress of South Africa claimed responsibility for three bomb blasts on Monday at Warmbaths, 60 miles (96 kilometers) north of Pretoria.

No one was injured by the devices, which an ANC spokesman, Stanley Mabizela, said were planted to press for the release of detainees.

End to Mail Strike Urged in France

United Press International

PARIS — Disruption caused by a five-week-old postal strike in France prompted calls Tuesday for the government to limit letter handlers' right to strike.

The president of the French employers' association, Yvon Gattaz, said businesses were seriously threatened by the work slowdown, which has curtailed movement of mail in several major cities. He said some companies had laid off workers and slowed production because of the strike.

The strike was organized by the three largest French labor unions after an overnight weekend shift was canceled to reduce costs. One business group has warned that tens of thousands of jobs would be lost if the strike continued.

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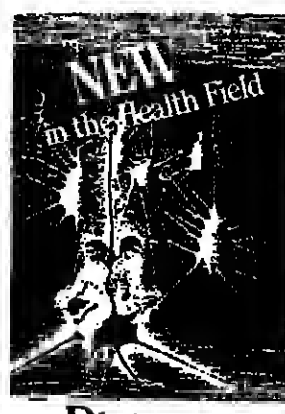
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مركز العمل

Kremlin's New Set of Missiles Being Readied for East Europe

By Michael Getler
Washington Post Service

WASHINGTON — The new Soviet SS-21 battlefield missiles that President Ronald Reagan has said are being shipped to Syria are among a new generation of weapons that Westerners will hear much more about in months and years ahead as the Soviet Union modernizes its forces in Eastern Europe.

Moscow is expected to deploy new SS-21, SS-22 and SS-23 rocket-powered cruise missiles and the SS-24 jet-powered cruise missile in a number of Warsaw Pact countries and perhaps, in the case of the cruise missile, aboard submarines operating within missile range of the United States.

In a series of speeches in recent months, leading Soviet civilian and military officials have warned repeatedly that they would respond with "countermeasures" against countries in Western Europe in which the United States deploys new Pershing-2 and cruise missiles, and against the United States as well.

Reagan Gains Ground Among Hispanic Voters

By Juan Williams
Washington Post Service

WASHINGTON — After two months of trying to woo Hispanic voters, White House and Republican political strategists are trying to determine if recent indications of increased support for President Ronald Reagan are likely to continue.

According to one pollster who sometimes advises the White House, Hispanic voters are the linchpin in Mr. Reagan's coalition for 1984.

Opinion polls show that since 1980, when Mr. Reagan won about 27 percent of the Hispanic vote, he has increased his popularity in that community to the point that 42 percent of Hispanic-Americans now approve of his handling of the presidency and 38 percent say they want Mr. Reagan to seek re-election.

He foresees Mr. Reagan gaining 30 percent of the total vote from the Republican Party's traditional base of conservative voters, 10 percent from voters attracted to Mr. Reagan personally, 7 percent from white, conservative Democrats and 1 percent from moderate Democrats.

That would leave the president in need of 3 percentage points for a winning majority, and that "critical few" is seen as coming from Hispanic voters.

One way to get the added support may be to register more Hispanic-Americans, 40 percent of whom are not registered to vote. Republican strategists concede that those not registered — including legal residents who have not become citizens — are likely to register as Democrats.

Mr. Reagan also appears, by emphasizing to Hispanic-Americans his opposition to racial quotas, to be using Hispanic voters to isolate blacks in their support for such standards and their complaint that Mr. Reagan's policies have been unfair to the poor and minorities.

After consistently appealing to Hispanic voters by trumpeting the "shared values" he has with them, particularly prayer in public schools and opposition to abortion, Mr. Reagan has been talking about quotas in recent weeks.

White House aides acknowledge that this is part of a "minor effort" to keep liberal Republicans and moderate white Democrats from rejecting the president as being a racist.

"It's old-style politics," said Enrique Valenzuela, Democratic National Committee director of state, county and local programs. "You get the opposite side split in two and get them going in different directions. Then they lose sight of the common goal — getting Ronald Reagan out of office."

However, Dr. Tiro de Jumo, head of the Republican National Hispanic Assembly, said blacks and Hispanic-Americans are unnatural allies forced together by the Democrats.

"The Democrats are racists to suggest that blacks and Hispanics join hands," said Mr. de Jumo, who was chairman of the California Republican Party while Mr. Reagan was governor. "The Democrats have brainwashed the blacks with their liberal ideas."

Robert R. Bischoff, research director of the Southwest Voter Registration Education Project, said: "It's not a question of Ronald Reagan winning a majority of the Hispanic vote. They are playing the margins, trying to increase the minority they got" in 1980. "But that is all. You've got to remember that while Reagan got more Hispanic votes than any previous Republican back to 1960, he only got a quarter of the Hispanic vote."

Joquin Avila, president and general counsel of the Mexican-American Legal Defense Fund, said: "I'm hearing more Hispanics talk about Reagan, and in the next sentence I'm hearing people say the steps are cosmetic and insulting. People remember that he was not doing any of this in 1981 or 1982. It's election time."

But a White House adviser countered: "The Democrats are running scared. Hispanics will realize that the Democratic Party has been taking them for granted. We're showing the Hispanics that there is an alternative."

According to one pollster who sometimes advises the White House, Hispanic voters are the linchpin in Mr. Reagan's coalition for 1984.



FINAL TRIBUTE — Clergymen pay their respects to Cardinal Terence J. Cooke, the archbishop of New York, during his funeral at St. Patrick's Cathedral in Manhattan. Cardinal Cooke died last week at 62 after refusing aggressive chemotherapy for leukemia.

White House Hopes to Replace Watt By November; Foes Seek Policy Shift

By Philip Shabecoff
New York Times Service

WASHINGTON — White House officials said that the formal process of selecting a successor for Interior Secretary James G. Watt, who resigned Sunday, would begin Tuesday and that an effort would be made to have a new secretary on the job before Congress takes its Thanksgiving recess in November.

But leaders of environmental groups said Monday they would fight the confirmation of any nominee who did not pledge to reverse what they described as the Reagan administration's anti-environmental policies.

They said the records of most of the people who have been mentioned for the post indicated that their approach to issues would be essentially those of Mr. Watt, who sought to transfer large amounts of public land and resources to private developers.

Among those under consideration, one of the White House officials said Monday, are Clifford P. Hansen, a former Republican senator from Wyoming; John J. Rhodes of Arizona, a former Republican leader of the House of Representatives; and Representative Manuel Lujan Jr., Republican of New Mexico. The official said, however, that

other names were likely to be added.

Democratic politicians and environmental groups said Monday that they planned to make Mr. Watt's environmental record an issue in next year's presidential campaign.

"In 1984, Ronald Reagan will be held accountable for Jim Watt," said Charles T. Mann, chairman of the Democratic National Committee, "just as he will be held accountable for Anne Burford and their reckless policies that have helped abuse our environment."

Mr. Watt submitted his resignation as administrator of the Environmental Protection Agency last winter amid congressional investigations into charges of mismanagement of his agency's hazardous waste programs.

Mr. Watt submitted his resignation to the president after he was characterized as being balanced by saying, "I have a black, I have a woman, two Jews and a cripple." That remark, which Mr. Watt later apologized for, noting that it came in the course of praising the newly appointed panel, raised protests across the country and complaints by Republicans in Congress that Mr. Watt had become a liability to his party.

As the former head of a conservative legal foundation representing corporations that fought environmental and conservation laws, Mr. Watt was a storm center virtually from the time he was nominated for the interior post, though he was supported by many people, especially in the West, who favored his policies of encouraging the economic development of public resources.

Mr. Watt will continue at his post until a successor is named, the president said Sunday. The interior secretary is now vacationing at a ranch in Santa Ynez, California.

Mr. Watt's spokesman, Douglas Baldwin, said that if not for his remark about the advisory board, Mr. Watt probably would have stayed on "for a while more."

"Jim was emphatic he did not want to cause any political harm to the president and was afraid that this controversy might do that," Mr. Baldwin said.

He said Mr. Watt had prepared his letter of resignation late last week when he felt it would be "in the best interest of the president and himself."

Meanwhile, leaders of environmental groups said they did not expect significant changes in the administration's environmental and conservation policies.

"We have been saying for two years that they are Reagan's policies, not Watt's," said Rafe Pomeroy, president of Friends of the Earth.

Mr. Pomeroy noted that all of the presidential appointees at the Interior Department except for Mr. Watt were still in place. This, he noted, was in contrast to the environmental agency, where virtually every political appointee left along with Mr. Burford.

"The important question is the direction the president will go in the replacement of Watt," said Gaylord Nelson, the former senator from Wisconsin who is now chairman of the Wilderness Society. "Will he go the route of naming a Ruckelshaus, or will he go the route of appointing someone who basically agrees with Watt?"

Mr. Reagan named William D. Ruckelshaus, a moderate Republican with a record generally endorsed by environmentalists, to replace Mrs. Burford as head of the EPA.

Mr. Watt is the latest of several high-level Reagan administration appointees who have left their posts under fire. In addition to Mrs. Burford, Alexander M. Haig Jr. resigned as secretary of state amid reports of sharp clashes with the White House over his efforts to control foreign policy, and Richard V. Allen left as national security adviser after it was disclosed he had accepted two wristwatches from Japanese friends.

Other Reagan Cabinet officers have left for routine reasons, including Transportation Secretary Drew Lewis, Energy Secretary James B. Edwards, and Richard S. Schweiker, the secretary of Health and Human Services.

Tentative Settlement On Love Canal Reached

New York Times Service

BUFFALO, New York — A tentative settlement on billions of dollars in lawsuits has been reached by Occidental Petroleum Corp. and former residents of the chemically contaminated Love Canal area of Niagara Falls, according to both sides.

Announcement of the accord was made here Monday by lawyers representing 1,300 plaintiffs in a suit against the former Hooker Chemical Co., the City of Niagara Falls, the Niagara Falls Board of Education and Niagara County. A similar announcement was issued in Los Angeles, at the headquarters of Occidental Petroleum, Hooker's parent company.

No dollar figures were released by parties to the suit. The final agreement must be approved in U.S. District Court here and by the plaintiffs.

The lawyers making the announcement said they represented 95 percent of the lawsuits. Other major cases, which were filed by the state and the federal governments, are pending.

Announcement of the offer to settle the case was made by two lawyers, Richard Lippes of Buffalo and Stanley Grossman of Niagara Falls.

In a statement they said, "After long and difficult discussions with the defendant, we have finally reached a point at which we feel they have offered a sum of money which we are prepared to present to the court for approval and to recommend to our clients a settlement of their claims."

The claims asked for a total of \$16 billion. Mr. Lippes said \$13 billion represented \$10 million in punitive-damage claims filed by each plaintiff. He would not say how much each was offered in the tentative accord.

Michael Reishgott, a local spokesman for Hooker, said his company would pay a self-insurance claim of just under \$6 million. A further amount he would not specify would come from insurance companies. "We're going to stand by our past statements that we acted responsibly in the Love Canal situation, and that facts support it," he said.

Love Canal was a turn-of-the-century industrial project that became a dump for chemical waste from the Hooker complex in Niagara Falls in the late 1940s and early 1950s. After 1952, when the land was purchased for a school, a neighborhood grew up around the site, and two sewers were built through it, and a road was dug into its clay cap.

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Khmer Rebels Report Killing 219 Vietnamese

New York Times Service

BANGKOK — Khmer Rouge insurgents said Tuesday that their forces had killed 219 Vietnamese troops and wounded 420 in a train ambush two weeks before in central Cambodia.

The locomotive and 15 cars were destroyed in the attack, along with weapons and other equipment, according to the Khmer Rouge radio. The Khmer Rouge government was ousted by Hanoi-led forces in January 1979.

Mr. Pomeroy noted that all of the presidential appointees at the Interior Department except for Mr. Watt were still in place. This, he noted, was in contrast to the environmental agency, where virtually every political appointee left along with Mr. Burford.

"The important question is the direction the president will go in the replacement of Watt," said Gaylord Nelson, the former senator from Wisconsin who is now chairman of the Wilderness Society. "Will he go the route of naming a Ruckelshaus, or will he go the route of appointing someone who basically agrees with Watt?"

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Mr. Watt is the latest of several high-level Reagan administration appointees who have left their posts under fire. In addition to Mrs. Burford, Alexander M. Haig Jr. resigned as secretary of state amid reports of sharp clashes with the White House over his efforts to control foreign policy, and Richard V. Allen left as national security adviser after it was disclosed he had accepted two wristwatches from Japanese friends.

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U.S. Women Delaying Marriage, Motherhood

Washington Post Service

WASHINGTON — American women are marrying later and waiting longer to have children than women did a generation ago, but nearly every married woman eventually has at least one child, according to the Census Bureau.

The percentage of young married women without children has risen, but 92 percent of married women are mothers by the time they reach 40, the bureau reported Monday.

In 1950, one-fifth of married women between 40 and 44 had never had children, according to the report, "American Women: Three Decades of Change."

These were women whose peak childbearing years occurred during the Depression, when birthrates fell dramatically.

The bureau, in a review of studies and census figures compiled over the past 30 years, said that a delay in having children has substantially reduced family size. The fertility rate has dropped to "well below the level needed for natural replacement of the population," from an average of 2.3 to 1.8 children for each woman, officials said.

An increasing proportion of women are employed, the report said. About a third of adult women were employed in 1950; by 1980 the figure was one-half.

Kristin Moore, a social psychologist with Child Trends, a research group, said that there is considerable evidence that these new patterns result from changed attitudes among young women.

In the late 1960s, she said, one study showed that a substantial proportion of teen-age and young women expected to be housewives. A decade later the proportion expecting to be housewives fell, and women who wanted both motherhood and employment rose sharply, a similar study showed.

Mr. Watt is the latest of several high-level Reagan administration appointees who have left their posts under fire. In addition to Mrs. Burford, Alexander M. Haig Jr. resigned as secretary of state amid reports of sharp clashes with the White House over his efforts to control foreign policy, and Richard V. Allen left as national security adviser after it was disclosed he had accepted two wristwatches from Japanese friends.

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Seoul After the Shock

The toll in Rangoon takes one's breath away. Some 20 people died, including 16 members of visiting South Korean President Chun Doo Hwan's delegation. The 16 including the country's foreign policy and economic elite. The president escaped only by a freak of timing. South Korea deserves the condolences of decent people everywhere.

The hand that placed the bomb has not been identified, but communist North Korea's long record of violence, cruelty and contempt for law makes it the prime suspect. The Korean War is only the best known chapter in the North's continuing effort to subvert and destroy the government in the South. No other nation faces the kind of fanatical, day-in-day-out, guns-cocked enmity that is South Korea's routine burden. The total menace posed by Pyongyang goes a good way, although not the whole way, to explain Seoul's inability to create the open political democracy espoused by its American patrons over the years.

In Seoul, officials hint that some form of retribution is being planned. One hopes the government will not feed expectations it can satisfy only at its own peril. The grief, shock and rage now running in South Korea are

understandable. The leadership is no doubt considering how to keep South Korea's enemies from thinking they can toy with its security and weaken its national will. The leadership may feel under extra pressure for having found no direct way to react to the Soviet Union's recent downing of a South Korean airliner.

But it is not given to South Korea to launch even justifiable acts of vengeance without full awareness of the likely consequences. South Korea has in effect a "contract" with the United States, its chief defender since the Korean War. In return for guarantees of American support in the event that it is again invaded, South Korea accepts restraints on its responses to lesser provocations. So heavily armed are both Korean states, and so liable to be drawn in are their respective patrons, that any other course would be fraught with the danger of an escalating war. Seoul can chafe under this disposition, but for 30 years it has provided South Korea with high security and confidence, the conditions for its great economic success and for its off-and-on attempts to root democracy in Korean soil. This is no time to change the "contract's" basic terms.

—THE WASHINGTON POST.

Watt in Retrospect

With the departure of James Watt, the Department of the Interior probably loses its most active secretary since Harold Ickes. Mr. Watt has been a mover and a shaker. He has also been a loudmouth with a taste for controversy. That appetite brought him down, but not until he had radically revised the way federal lands and minerals are managed.

In his resignation letter, he claims to leave "a legacy that will aid America in the decades ahead." There is an element of truth in the hyperbole. Mr. Watt had the confidence of the president and was in firm control of Interior. He had a clear vision of his goals and, despite the friction that surrounded his actions, attained many of them. He vastly accelerated the coal-leasing program started by his Democratic predecessor, and threw open almost the whole outer continental shelf to offshore oil drilling. He did his best to avoid buying new lands for the national park system, and to derail procedures for adding wilderness lands.

Putting development into better balance with conservation might have been a legitimate policy, but Mr. Watt never seemed interested in any sort of balance. A sound case can be made for encouraging development of offshore oil, but he insisted that wilderness and wildlife refuges, too, be laid open to exploration, although they are likely to contain comparatively trifling amounts of oil. Speeding up

the auctioning off of federal coal reserves might also have made sense, had there been some shortage of coal. But Mr. Watt's interests lay in ideology, not economics. Congress, increasingly disturbed at charges that coal leases had been sold at giveaway prices, eventually slapped a moratorium on any more such sales.

Because he was so unpopular among environmentalists, it is easy to lose sight of Mr. Watt's high standing in the West and with conservative Republicans. It was his indiscretions, not his or Mr. Reagan's policies, that did him in. "I speak privately as I do publicly," he once said. "I'm not two persons. That's one of my problems." In a series of gaffes he offended sizable parts of the electorate. Comparing environmentalists to communists or Nazis intent on centralized planning was a typical provocation. But not until he selected the Beach Boys for insult did Mr. Watt seem to hear.

With apocalyptic vision, Mr. Watt often suggested that he would be driven from office, a martyr to his high goals and to partisan enmity. He prided himself on being a good steward of America's resources, and he had the energy and talent to move a large bureaucracy. But his combative style and his extremism undermined the legacy he tried to build. The effect of his turbulent reign is not yet clear, but few would recognize it as stewardship.

—THE NEW YORK TIMES.

Other Opinion

The Olympics Belong to All

Peter V. Ueberroth (president of the Los Angeles organizing committee) has reminded us of a crucial matter regarding the Olympics. "It is important to remember that the Games do not belong to the United States just because they are taking place on our soil," he said. "The Games belong to the world."

There is a solemn commitment, affirmed by two presidents, that the United States will respect its role as host to the Olympics. That commitment means that all athletes will be made welcome, that the International Olympic Committee will have sole authority over the determination of those who will compete.

So the calls by some political leaders and private citizens to bar athletes representing the Soviet Union are appeals for a gross violation of a firm and proper national commitment. Those appeals can be excused, perhaps, because of the high emotion over the outrage of the Soviet shooting down of a South Korean airliner. But enough. The proposal to bar Soviet athletes is wrong in every respect, punishing the innocent, trampling respect for the rule of law, jeopardizing one of the great international events and its potential to serve as a forum for peaceful interchange. Worse, the proposals would place the United States in violation of international rules that the Soviet Union respected during the 1980 Games in Moscow.

No action on this subject has been more regrettable than the unanimous vote of the California Legislature condemning the airliner attack with a resolution that included a call for a ban on Soviet participation in the Olympics.

The United States stayed home from Moscow in 1980 to protest the Soviet invasion of Afghanistan. The boycott did not deter Moscow from the terrible deeds still being perpetrated against the people of Afghanistan. In the end, it punished American athletes more than Soviet commissars.

Sovereign rivalries within the Games are

inevitable. But they can be minimized by the host nation, faithful to its commitment, welcoming the athletes as individuals, blind to their passports, intent on a competition that is fair and open and that illuminates the possibility of peaceful relations among all peoples.

—The Los Angeles Times.

Off Go the Super Endards

Alarm bells are ringing in Washington and elsewhere following France's irresponsible action in going ahead with the supply to Iraq of five Super Endard aircraft equipped with Exocet missiles. Already President Saddam Hussein is threatening dire blows against Iran.

France has gone ahead, although both the United States and Britain pleaded with [it] to think again because of the consequences any use of the missiles could have on Western oil supplies through the vital Straits of Hormuz.

Iran has threatened to close the straits if the Super Endards were dispatched, but such action would seem improbable until the dread missiles are used. At the moment, Iran exports about 2 million barrels a day, and it is doubtful whether [it] will do anything which impedes this flow. It is however not surprising that the United States is dispatching naval forces to the area, as any interference in the flow of oil could have serious consequences for consumer nations if it was prolonged.

It may well be asked why France has gone ahead on this perilous course. Commercial considerations seem to be the main motive, as Iraq owes something like \$4 billion. The French also argue that the Super Endard could prove a deterrent by inducing Iran into agreeing to end the war through mediation. But when dealing with a religious fanatic like the ayatollah it is too much to expect that he will react rationally, as the logical French expect, to the threat of the Exocet missiles.

—The Daily Telegraph (London).

FROM OUR OCT. 12 PAGES, 75 AND 50 YEARS AGO

1908: Tension Is High in Belgrade

BELGRADE — The sittings of the Skupshina, as a result of which war may be declared, are taking place in the old assembly hall. Mr. Parish, one time president of the Executive Committee and whose policy has still a distinct flavor, says that Serbia is attacked at the very source of her existence and that the situation is of the most vital importance to her. The burden of the provisional presidency fell by a unanimous vote on Mr. Juba Jovanovich, who wears the costume of the Serbian peasants. He fought against Austria in the insurrection of Cattaro in 1882, when he was wounded in the leg and was with difficulty saved by his companions. Austria condemned him to death by default.

1933: Tokyo Protests to Moscow

TOKYO — With Japanese indignation mounting over the disclosure by the Soviet Union of alleged documents purporting to show that Japan was planning to seize the Chinese Eastern Railway, the newspaper "Yomiuri" reported that instructions have gone forward to Ambassador Ota in Moscow to protest to the Soviet government that Japan considers that the Russian action in exposing "such fabrications" constitutes a breach of international good faith. The Japanese press drew a parallel between the incident and the Zinoviev correspondence, which led to the British raid on Arcos in London, resulting in the severing of diplomatic relations between Britain and the Soviet Union in 1927.

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S.A. at capital: L. 200.000 F. RCS Nanterre 873202118. Commission Paritaire No. 34231.

U.S. subscription: \$200 yearly. Second-class postage paid at Long Island City, N.Y. 11101.

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Things the Greens Might Recall About America

By James Reston

WASHINGTON — America and West Germany are getting into a tight corner these days, with two important dates ahead.

In the week starting next week the leaders of the West German "peace movement" are planning to put as many as 2 million people in the streets to protest the emplacement of U.S. cruise and Pershing-2 nuclear missiles in that country.

And on Nov. 21 the Bundestag votes on whether to approve or reject this effort to establish a balance of nuclear power in Europe.

President Carstens has been in Washington telling everybody not to worry. He addressed a joint session of Congress, met the press for breakfast at the Watergate and presided over an elaborate dinner, for which vintners and other delicacies were flown in from West Germany, with Vice President Bush attending.

The press not only didn't worry but didn't pay much attention. Not so the White House or Larry Eagleberger at the State Department, who has been the disaster-control operative around here for years.

In response to appeals from Bonn and other governments, President Reagan for the third time amended his proposals for a nuclear compromise with the Soviets at Geneva, although so far without anything

but a *nyet* from Moscow. Nor has there been recognition by the leaders of the West German "peace movement" that President Reagan tried but didn't get even a medium-hello from Yuri Andropov.

One wonders if the Greens in West Germany know the record of America's efforts to control or even to abolish nuclear weapons. They should look it up and consider the geography of Washington. There are two hills in this city, not one: the political or Capitol Hill, and also the spiritual hill dominated by Washington Cathedral. And last Sunday, as usual, it was praying for peace, with Mr. Bush in the pulpit.

For the nations of the world, their peoples and their leaders, their equal justice and true peace may emerge within their grasp, but a spirit of respect and forbearance may grow among them, hear us O Lord.

The Greens don't have to instruct us in America about peace, mercy and reconciliation.

There is a little "green" in all of us. But America did not pass the Marshall Plan for the reconstruction of Europe or put 300,000 of its men for two generations between the North Sea and the Elbe in order to be told that somehow they were

not defending our common civilization but were a menace to peace.

If America ever thought that was Europe's idea — that Europe wanted American troops but was not prepared to give them the weapons to defend themselves and their allies — it would certainly not agree to keep its troops there as hostages to superior Soviet missile power.

This point has to be made to America's friends in the West German peace movement. Twice Europe told us, in 1914 and in 1939, that if only America had committed itself in time to the defense of Western civilization, world wars might have been avoided.

Now, having committed itself, America is told, at least by many in Europe, that the present conflict is not over the defense of the civilization or a philosophy of life, but is merely a struggle for power between the two dummy giants.

Nothing could be further from the truth. The United States is not an imperial nation. If anything, like the Greens in West Germany, it longs for isolation and the impossible dream world of perfect peace.

Every nation has its dream of perfect security. No doubt West Germany dreams of the day when

its divided nation will be unified. If America were divided at the Mississippi, with a hostile power on the Western slope, it would not sleep until it was united.

We understand the dreams of the Greens, but there is no perfect security. There is only the struggle, with friends at our side, doing the best we can, and trying to know where we're going and who's with us.

Listening to Mr. Carstens and his colleagues, we had the feeling, as we have had with Chancellor Kohl and Chancellor Schmidt before him, that they understood the tragic civil war of the West in the last two world wars and were determined to defend not only their nation but also our common civilization.

But they also realize somehow that maybe the most intelligent and idealistic members of our societies, in West Germany and the United States, cannot tolerate the struggle for anything less than an ideal solution of the nuclear menace.

One understands. But the demonstrations and the Bundestag vote will tell us a lot about whether the alliance can hold together. Or, if it cannot, whether the isolationist impulse in America, always just under the surface, will divide the Western world once more.

The New York Times.

Lebanon: Symptom, Not Cause

By Zbigniew Brzezinski

WASHINGTON — The more I thought about the Israeli statement, the more I realized that in the longer run Israel's security will not be enhanced by a Middle East that is further destabilized and radicalized. Indeed, not enough thought has been given to the extraordinary opportunities for Israel's prosperity in the event of a genuine Middle East peace.

However, the more militant leaders bent on incorporating the West Bank into Israel certainly welcome developments that have the effect of making the United States a direct military antagonist of the Arabs. This development not only polarizes the Middle East conflict in a manner that is welcome to them, it also creates additional openings for the incorporation of the disputed territories.

From a geopolitical and strategic point of view, the most serious aspect of this development is that it is likely to rebound to the Soviet Union's advantage. Without becoming directly engaged, but merely by providing military assistance to Syria, the Soviet Union can reap the benefits of growing Arab resentment against the United States and of the continued absence of peace in the Middle East.

I have long held the view that the Soviet Union has no interest in a constructive settlement, and that is why it should not be a party to any American-sponsored effort to promote Arab-Israeli reconciliation.

The Russians' interests are best served by continued turmoil, and they are likely to be served best of all if American policy and military action create the pervasive impression of one-sided support for Israel.

It is also only a matter of time before the United States is deserted by its European allies. None of them has any interest in duplicating America's willingness to take on the Arabs. And, if it is to be peace, there are placing obstacles to American military shipments in support of the marines. Before too long the United States will be alone in this strange adventure.

The situation has so deteriorated, and options have so narrowed, that it is difficult to envision constructive alternatives. Yet what is happening is likely to produce the worst outcome of all: The United States will become gradually bogged down, the region is likely to be cast into greater turmoil and the Soviet Union, without too much exertion, will find itself increasingly influential.

In these circumstances, the United States has to consider alternatives, however difficult.

One is simply to withdraw, realizing that such a withdrawal might increase the chances of a head-on Israeli-Syrian collision.

But the prospect of war might have a salutary effect on the minds of the leaders in Damascus and Tel Aviv. If war came, the Syrians know they would risk a military defeat; the Israelis know that casualties would be high. An American withdrawal would have the effect of making the two sides confront the question of whether they prefer war or peace. And, if it is to be peace, both would then have to accommodate and accept some compromise.

Alternatively, the United States should more actively return to a determined pursuit of the Reagan plan. In effect, the central focus of American policy should be a concerted and determined effort to find a solution for the future of the West Bank and Gaza in the context of a larger peace settlement.

That means using American leverage in the region — military assistance, economic aid, moral suasion — to press the parties toward serious negotiations, and being prepared to impose penalties on those who are not prepared to cooperate.

If U.S. power is to be involved, and if U.S. servicemen are to die, it should be on behalf of a desirable objective: a wider and more enduring peace in the Middle East. Focusing on Lebanon alone will never lead there.

This is the second of two articles. The writer was national security adviser under President Carter. Now professor of government at Columbia University and senior adviser at the Center for Strategic and International Studies at Georgetown University, he contributed this comment to The New York Times.



A Last Chance for Lebanese to Seize?

By Flora Lewis

BEIRUT — A bright young Lebanese came home last year full of hope that at last, with the Palestinians out of the way, his country could manage its own fate.

"If I knew then what I know now," he says with the warm smile that is the remains of Lebanese resilience, "I wouldn't have come. But I have to stay and chronicle the birth — or the death — of Lebanon."

The mood in Beirut is bleak. The cease-fire is holding so far, and talks are scheduled on a "national reconciliation" plan, but no one pretends optimism. People have not begun to discuss rebuilding their gutted homes, as they did before.

The sense has spread widely that this is the last chance. Perversely, that may give Lebanon some momentum for a revival, in a distinctly modified form. Otherwise, disintegration will harden into stalemate, no more likely to get along than Lebanon's fighting communities do now. But that will not solve anything.

The Middle East has not begun to look for solutions. Once again positions are tilting, alliances are shifting, everyone is probing for the next contest of will.

At the moment Syria has the upper hand, and the United States has moved to recognize that fact, after unwisely trying to exclude the Syrians as Soviet puppets.

The Iran-Iraq war is reaching extreme crisis for the whole Gulf region, and for the Western world. Nobody else wants either side to win.

There are hints that Syria is beginning to quarrel with Iran, which it

supported effectively by cutting Iraq's pipeline, and that it might be prepared for warmer relations with its rival in Baghdad.

Saudi Arabia has played a more open, direct role in regional diplomacy than ever before, drawing it into the other Arab's quarrels to a point it had previously considered risky.

Yasser Arafat's control of what remains of the PLO has been nearly eliminated by Syria. So Mr. Arafat is trying to revive some kind of deal with Jordan's King Hussein, along the lines of the Reagan initiative, to provide him with a new base.

That is the last thing Syria would enjoy, although its wily president, Hafez al-Assad, may envisage establishing a Syrian-controlled Palestinian ruler in Jordan in King Hussein's place. Mr. Assad never tells anybody what is in the back of his mind.

It would be a grave danger for Israel, worse than the problems it had when the Palestinians ran southern Lebanon. The Israelis are not going to get the "strong, independent" (by which they meant: Christian-controlled and allied) Lebanon they set out to establish in last year's war. Even partition would leave Israel with an occupation it cannot afford.

In this peculiar period, when everybody is groping for new supports to offset new pressures, there are no fixed points on which to base American policy. Every move is linked to other moves, inside Lebanon and out.

Seim el-Hoss, the former Liba-

nese prime minister, says sagely that his country's internal quarrels are so entwined with all the other fights in the region that they cannot be separated. Regardless of intention, the United States is now involved in domestic Lebanese politics because Lebanese politics is directly engaged with all the other disputes.

Switzerland used to be suggested as a model for straightening out this bowl of spaghetti. But the Swiss made order of a mixed-up state divided into oases of self-governing cantons by resolutely staying out of their neighbors' conflicts and by defending their neutrality with a strong army. The Alps and the fact that the Swiss pattern was set long before there were tanks, planes and missiles helped a lot.

Still, the Lebanese are coming to see this as their last chance at nationhood. The idea of neutrality is beginning to appeal. Whether it would appeal enough to end their tragic habit of calling in outsiders to tip the balance in their feuds is something else. Those who are thus tempted worry that the United States would object to the United States would object to the "strong, independent" (by which they meant: Christian-controlled and allied) Lebanon they set out to establish in last year's war. Even partition would leave Israel with an occupation it cannot afford.

In this peculiar period, when everybody is groping for new supports to offset new pressures, there are no fixed points on which to base American policy. Every move is linked to other moves, inside Lebanon and out.

Seim el-Hoss, the former Liba-

LETTERS TO THE EDITOR

Move It to Moscow

I note the Soviet suggestion that New York is no longer a suitable habitat for United Nations headquarters. This is not a bad idea, especially if the headquarters could be moved to Russia, with Moscow picking up the tab for moving costs.

Let's face it: The United Nations is a dead duck. It is gradually withering away and no one can reverse the trend. Moving it to Moscow would speed up the demise and thereby save a lot of wasted effort and money.

HARVEY P. LUDWIG.
Bangkok.

Minorities in Romania

In response to "Good and Bad Satellite" (Letters, Sept. 30) from Litvan Lomas in Paris:

That the citizens of Romania are oppressed is a fact, but why turn this into an ethnic issue? Could it not be Hungarian chauvinism? Otherwise, why does Mr. Lomas double the figures for the minorities? (There are fewer than 2 million Hungarians and about 300,000 Germans living in Romania, not 3 million and 600,000, respectively.) And the dreaded secret police is full of Hungarians.

ASHLEY MONTAGU.
Princeton, New Jersey.

Suspense to the End

Regarding "Death Needle in Arm, Texas Killer Out Stay" (ITT, Oct. 6):

It is impossible to understand how the United States, one of the greatest countries in the world in many respects, can have such a monstrous

Assessing East-West Damage

By George F. Kennan

WASHINGTON — The time that has passed since the shooting down of the South Korean airliner permits us, despite the persistence of several obscurities, to have some measure of perspective on this episode and its effects.

Great as was the shock produced on world opinion, there was nothing in this event that should have been a surprise to anyone who had looked carefully at the Soviet Union in recent years. The deficiencies of the Soviet system that made possible the disaster — the exaggerated sensitivity to foreign surveillance, the inflexibility of military command procedures, the Communist Party's insistence on its own infallibility — were deficiencies long known to all serious students and observers of that country.

There is no evidence that the final authorization to shoot down the plane was the result of a deliberate decision at the highest political levels in Moscow, on the contrary, there are strong signs that the political leadership was displaced by the military handling of the problem and probably would not, if given the chance, have authorized such an action.

Finally, it had long been evident that the persistent and unmitigated mutual enmity — aerial, naval and electronic — around each other's borders, this childish and dangerous game at which the Soviet and American armed services have for so long been permitted to play, was creating an atmosphere of tension and nervousness in which incidents of this nature were sooner or later bound to occur. It took only the impermissible obstinacy of the South Korean pilot, in flying defiantly at night over hundreds of miles of sensitive Soviet territory and installations, plus deficiencies of the Soviet system mentioned above, to produce the actual incident.

There was thus nothing in the episode itself to change the basic assumptions and considerations underlying American policy toward the Soviet Union. But the outward effects of the whole development — the shock to Western opinion, President Reagan's relentless exploitation of the incident, and the Soviet reaction to that exploitation — have indeed created a new situation.

On the Western side, the peace movement, those millions of deeply concerned people who have tried to halt the trend toward war and to suggest courses more hopeful than an unlimited weapons race, has received a bitter discouragement. Soviet-American cultural and scientific exchanges, in which some of us had thought to see a few faint glimmers of light, have been seriously set back. Soviet-American relations, in short, have received a grievous blow.

Even more serious would seem to have been the effect on the Soviet side. Yuri Andropov's recent statement gives evidence that he and his associates have now concluded that they have nothing to expect from the Reagan administration but implacable hostility to exploit their difficulties to the limit, to isolate and encircle them internationally, and to press them to the wall in the military competition.

If this description of Soviet leaders' conclusions is not overdrawn, it has disturbing connotations.

Being well aware of Mr. Reagan's hard-line consistency, the Soviet leaders were prepared to take in their stride a certain amount of shrill anti-Soviet rhetoric during his campaign and the first phases of his presidency. But they expected that once this steam had been blown off they would be able to deal more or less normally with the new administration.

They did not expect anything like a real political intimacy; they recognized the built-in limits to the relationship. But they considered that there were areas where the respective interests were not wholly in conflict.

This is the first of two articles. The writer, a former ambassador to the Soviet Union, contributed this comment to The Washington Post.

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Gandhi Early I

California Into Pote

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Gandhi Said to Be Considering Early Indian General Elections

By William K. Stevens
New York Times Service

NEW DELHI — A conviction is growing among politicians here that Prime Minister Indira Gandhi will call national elections next February or March, nearly a year before she is required to do so.

Many feel that Mrs. Gandhi will go the country early to take advantage of a resurgence in her prestige from the losses that her Congress Party suffered in some state elections earlier this year.

Another and perhaps a more basic reason for calling early elections is that the first good monsoon in three years has produced a bumper summer grain crop across the country, creating relative prosperity and well-being in the countryside and villages, where most voters live.

What the situation will be a year from now is uncertain, these politicians point out, and Mrs. Gandhi is therefore likely to act while conditions are most favorable. Those close to the prime minister's inner circle say that she has not yet made a decision and is getting advice both for and against an early election.

Both Mrs. Gandhi and her son Rajiv, who has taken a leading role in Congress Party affairs, have said that elections will not be held until the constitutionally mandated date of January 1985, five years after Mrs. Gandhi was last elected.

Following the losses by Congress-I in state elections in Karnataka and Andhra Pradesh last Jan-

uary, two chief ministers have been dismissed, in the states of Maharashtra and Bihar, apparently to help erase an image of the party as a preserve of nest-featherers, crooks and hacks.

Party workers are being recruited by the thousands, seminars in modern political methods and tactics are being conducted, and party investigators are fanning out across the country to take a hard look at how well the governments and officials in the 15 of India's 22 states controlled by Mrs. Gandhi's party are living up to the promises made by the party during the last parliamentary elections in 1980.

Last week, Mrs. Gandhi dismissed the government in the state of Punjab, where more than 175 persons have died during the last 14 months in connection with agitation by militant Sikhs, who want greater political autonomy. The takeover by the central government, which is legal under the Indian Constitution, was Mrs. Gandhi's first apparent attempt to assert effective control over the situation.

If the move succeeds, she could go into an election claiming to have brought the two most unstable areas of the country — Assam in the northeast and Punjab in the northwest — under some sort of control.

The opposition parties are gearing up for possible elections, too. This week in Srinagar, the capital of Kashmir, opposition leaders met to continue a joint effort against Mrs. Gandhi that began after her

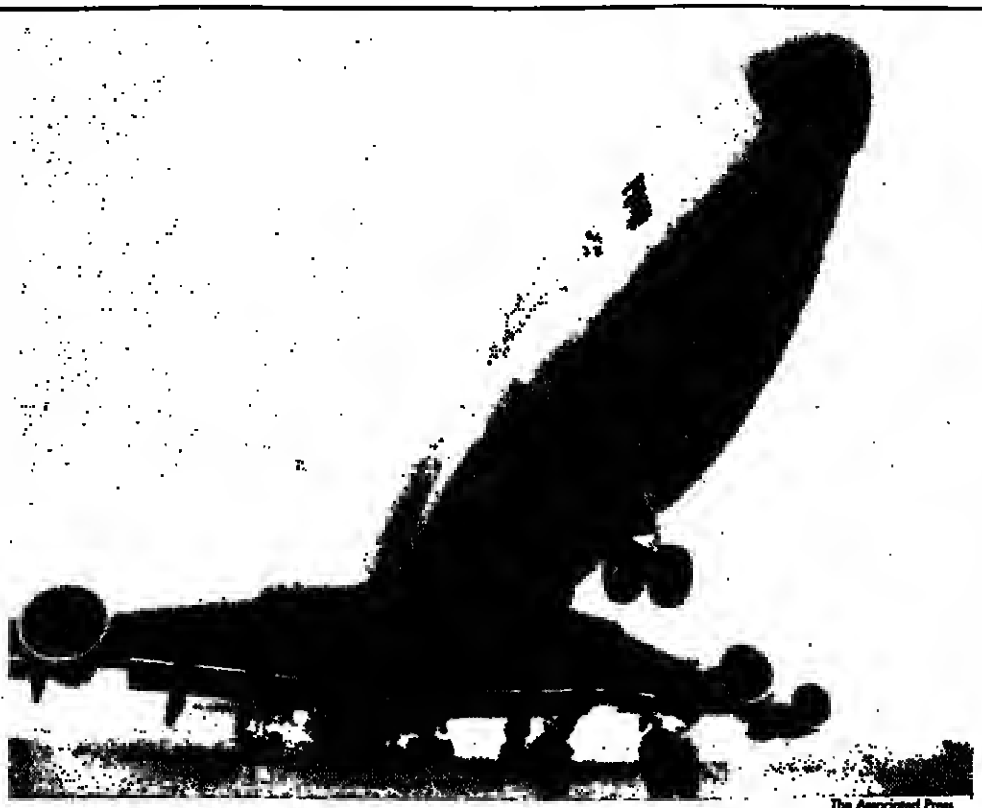
party's defeats in Karnataka and Andhra Pradesh. So far, two coalitions have been formed.

Some politicians are convinced that Mrs. Gandhi will wait until 1985. Those who are advising her along these lines point out that the longer the opposition is allowed to talk, the more likely it is to fall into squabbling.

This line of thinking also holds that Mrs. Gandhi's government has built up grain stocks to the point where bad monsoons no longer mean starvation and that they are therefore no longer the indicator of political planning that they once were.

Furthermore, some who are engaged in the effort to improve the party's image say that the more time there is to do that, the better. One such official, who is close to the party's high command, said that if the election were held today, the party would win a smaller percentage than the two-thirds majority it now holds in the lower house of Parliament. Chances of maintaining the two-thirds dominance would be greater in 1985, he said.

Another line of thinking favors holding the elections as scheduled in 1985 in the hope of obtaining a two-thirds majority in the upper house of Parliament. With an assured two-thirds majority in each house, Mrs. Gandhi would be able to amend the constitution to create a presidential system of government, as some politicians believe she might like to do, with herself as president and her son as prime minister.



SITTING ON ITS TAIL — A Boeing 747 cargo jet swerved off the runway Tuesday at Frankfurt's international airport when its cargo shifted during takeoff. None of the five persons aboard the jumbo jet, which is owned by the Flying Tiger Line, was injured.

France Demands That Libya Explain Why It Prevents Group From Leaving

Reuters

PARIS — The External Relations Ministry summoned Libya's envoy Tuesday to explain why his country was preventing 37 French citizens from leaving Tripoli.

A ministry spokesman used what diplomats said was unusually strong language to condemn a move Sunday by Libyan immigration authorities, who stopped the French travelers from boarding a Paris-bound flight and took away their passports.

No explanation of the action was given, and the ministry spokesman said Tuesday: "The French government considers the case of the French citizens prevented from leaving Tripoli as a serious matter and an unacceptable situation."

A correspondent for the Paris

daily Le Matin, who was among the group, quoted official sources in Tripoli as saying one of the 1,700 French nationals living and working in Libya would be allowed to leave. The External Relations Ministry said, "No official Libyan statement corroborates the speculation that French people other than the 37 prevented from leaving are involved."

The ministry spokesman refused to link the Libyan action with the arrest of a suspected Libyan guerrilla in Paris last week, saying: "This situation cannot, in our view, have any connection with any other affair whatsoever."

On Friday, French police arrested Rashid Said Muhammad Abdullah, 34, a Libyan national who is wanted on an international arrest

warrant issued by a magistrate in Milan on charges of murder and illegal possession of arms. French newspapers have connected the two incidents, some calling the 37 French citizens "hostages" being held until Mr. Abdullah's release.

Libya's diplomatic representative in Paris, Said Areba Hafiana, was received at the External Relations Ministry on Monday, but diplomatic sources said no explanation of the Libyan action was forthcoming.

As a result, the sources said, Mr. Hafiana was summoned to explain his country's action Tuesday and at the same time the ministry said External Relations Minister Claude Cheysson would contact Libya's secretary for foreign relations, Abdel Ati Obeidi.

U.S. Commission Members Meet With Nicaraguan Rebel

Washington Post Service

SAN JOSE, Costa Rica — Members of the U.S. bipartisan commission on Central America, in an apparent change of plans, met Tuesday with a leading member of a rebel group fighting to overthrow Nicaragua's Sandinist government.

The rebel leader, Alfonso Robelo Callejas, met with three members of the commission and with Representative Jim Wright, a Texas Democrat and the House majority leader. Mr. Robelo is a key leader of the Revolutionary Democratic Alliance, the Costa Rican-based group that has been credited with several military actions against the Nicaraguan government, which the United States opposes.

Commission officials had previously said they did not intend to talk with rebels during their seven-day tour of Central America and Panama. The commission chairman, Henry A. Kissinger, said Tuesday morning that "we are not meeting in any country with people who are engaged in guerrilla war-

fare," but added: "We will meet with some exiles from Nicaragua who are not engaged in the guerrilla struggle."

The commission declined to meet with Guillermo Manuel Ungo, a leader of El Salvador's anti-government guerrillas.

Costa Rica Seeks U.S. Aid

Vice President Alberto Falt of Costa Rica called on the United States on Tuesday to pay \$1 billion a year for the next 10 years to keep the country's problems from leading to violence, Reuters reported from the capital, San Jose.

California Man Turned Model Planes Into Potent Weapon of War for Israel

By Robert Lindsey
New York Times Service

REDONDO BEACH, California — On the boat where he lives, not many miles from the orphanage where he grew up, Al Ellis sums up his life as a model airplane builder. He recalls the jokes some of his friends used to make about his preoccupation with toy airplanes.

In Salt Lake City this summer, Mr. Ellis was honored by the Association for Unmanned Vehicle Systems, a technical society, for having been the "driving force" behind the development of "the first mini-RPV to be successfully deployed operationally anywhere in the world."

What the citation did not mention, was that the RPV — or remotely piloted vehicle — that evolved from Mr. Ellis's model airplanes had played a vital, possibly decisive role in last year's Israeli invasion of Lebanon.

Moshe Arens, the Israeli defense minister, has called his work "a pioneering effort of the first magnitude."

Mr. Ellis is credited with originating a concept that allowed the Israeli military to guide tiny, unmanned, gasoline-powered craft over the Bekaa Valley and silently launch an offensive that resulted in a stunning defeat for Syria.

The United States has spent almost a decade and \$500 million to develop a similar RPV. It is still not operational. Mr. Ellis and a few of his friends, in the United States and Israel, designed and flew their radio-controlled aircraft in a few months for a few thousand dollars.

Mr. Ellis, who is in his early 50s, was born in Los Angeles and along with four brothers and a sister was raised in Southern California's Vista Del Mar Jewish orphanage.

After winning a Purple Heart on Okinawa during World War II, he joined Israel's side in the Jewish-Arab fighting of 1948, running refugees and guns into the new country and serving in its fledgling navy.

Later, he returned with an Israeli bride to California, completed work on an aeronautical engineering degree at the University of California at Los Angeles and went to work in the aerospace industry.

In 1967, after the Six-Day War, he returned to Israel to join an urgent effort to develop a jet fighter, the Kfir, for the state-owned Israel Aircraft Industries.

Mr. Ellis, who has dual Israeli-



Al Ellis

a television camera and as a decoy to confuse enemy air defenses.

He said he became convinced that a highly maneuverable model plane with a wing span of about 12 feet (3.6 meters), an operating altitude of up to 5,000 feet, a range of 60 miles (96 kilometers), and a top speed of 100 mph could be built for about \$25,000 and provide Israel with what engineers call "real time," or virtually instantaneous, photographic intelligence from above enemy lines.

In 1974, Mr. Ellis and his three colleagues built and flew a prototype of their airplane made of balsa wood and plastic.

Among the people he credits with getting the craft into the air are Nick Zorok, a Smithtown, New York, model airplane designer who built the airframe, and Herbert Adise of Hempstead, New York, who conducted aerodynamic studies useful in the design.

Mr. Ellis and his principal partners took their design to his employer, Israel Aircraft Industries, but it was not interested in the concept.

Subsequently, he persuaded officials of a privately owned Israeli electronics company, Tadiran, to pursue the idea, and it retained him as a consultant and told him to bring his dream to fruition.

Mr. Ellis left Israel in 1977, after the first operational model, called the Mastiff I, had entered production.

He now sells aircraft electronic equipment for an aerospace company.

U.S. citizenship, was one of scores of American technical experts, most of them Jewish, who went to Israel after France and several other countries refused to send military exports following the 1967 war.

In their spare time, Mr. Ellis said, he and three aviation-minded friends — Yehuda Manor, Shlomo Barak and Ezra Dotan — decided to design model airplanes that they could sell in America.

After this project was abandoned, Mr. Ellis had another idea: modifying a remote-controlled model airplane for military use so that it could serve as a platform for

Iran Renews Its Threat To Block Oil From Gulf

Reuters

TEHRAN — Iran has renewed its threat to close the Gulf, cutting off about a sixth of the noncommunist world's oil supplies, if Iraq disrupts Iranian oil exports, the Iranian news agency reported Tuesday.

The agency said the warning was given in a statement by the parliamentary speaker, Hojatoleslam Hashemi Rafsanjani.

It was the first official declaration of Iranian policy on the Gulf war since reports Friday that France had gone ahead with the delivery to Baghdad of five Super Etendard fighter-bombers armed with Exocet air-to-surface missiles.

"The Persian Gulf is secure as long as Iran has normal activities of the export of oil through this waterway. If any power — Saddam or the superpowers — tried to deprive Iran of exporting the oil, then the Persian Gulf has no importance to us," Mr. Rafsanjani was quoted as saying. He was referring to Saddam Hussein, the president of Iraq.

The agency added that Mr. Rafsanjani "said that Iran has the capability of blocking the Persian Gulf and it will do so in case the export of Iranian oil is hindered."

Iran has said foreign media were trying to provoke it by reporting it had threatened to close the Gulf if the planes were delivered. The news agency said Tehran had in fact threatened to act if the planes were actually used to interfere with Iranian oil exports.

It said Mr. Rafsanjani was speaking Monday night after a meeting of the Supreme Defense Council, which sets Iranian war policy. He represents Iran's leader, Ayatollah Ruhollah Khomeini, on the council.

Iraq already has Exocet missiles, but so far has been able to fire them only from slow-moving helicopters. The Super Etendards would give the Iraqis much greater speed and range for possible attacks on Iranian facilities.

Fitted with the Exocets, the planes present a threat to Iran's oil-loading terminal at Kharg Island, which has so far survived attacks with other weapons, and to international tankers in the Gulf.

Iraq could theoretically halt Iran's oil exports of around 1.7 million barrels per day by attacking Kharg Island or by hitting a foreign tanker, thereby frightening away other Iran-bound shipping.

Current oil exports through the Gulf amount to about eight million barrels daily. Iranian military action closed the Gulf to Iraqi exports early in the war.

Mr. Rafsanjani, accusing France of "international political black-

mail," said Iran did not want to have to close the Gulf. But the news agency quoted him as saying, "If our enemies think that by resorting to provocations... they could force us to give up... our demands, it is impossible."

Iran has demanded the removal of the Iraqi president and his Ba'ath government before contemplating peace. Other conditions include a return to pre-war borders and the payment of billions of dollars in war reparations.

Western diplomats say France believes the Iranians are bluffing in their threat to close the Gulf. French officials have said the planes will change the military balance in Iraq's favor, and force Ayatollah Khomeini's government to the negotiating table after three years of fighting.

On the basis of present U.S. policy, the United States would be expected to intervene, militarily if necessary, to prevent the crisis ensuing from a complete cutoff of Gulf oil and maintain free passage through the Strait of Hormuz.

Dutch Starfighter Crashes

The Associated Press

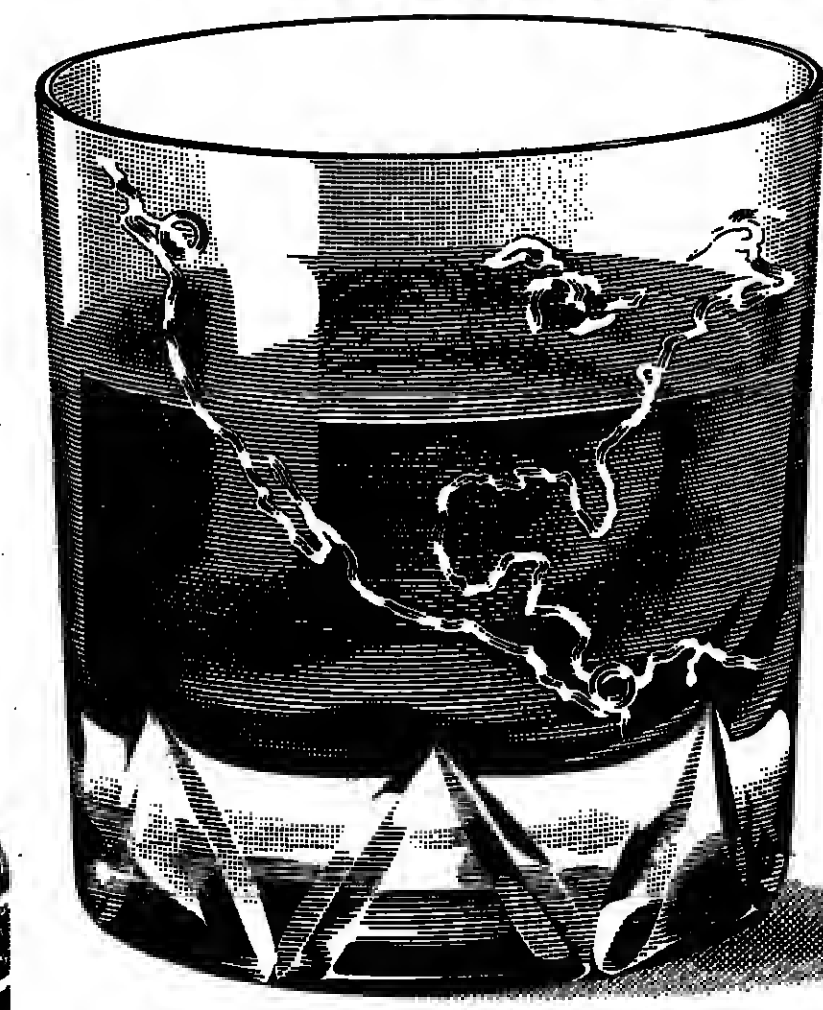
RAVENSTEIN, Netherlands — A Dutch Air Force F-104 Starfighter crashed Tuesday near this eastern Dutch town after touching another Starfighter while flying in formation, the Defense Ministry said. The pilot ejected safely. It was the 40th Dutch Air Force Starfighter crash since the fighter came into service in 1962. Nineteen pilots have been killed in the crashes.

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Court Overturns Death Sentence For U.S. Soldier

United Press International

WASHINGTON — The U.S. Court of Military Appeals on Tuesday overturned the death sentence of an army soldier convicted of murder and rape in West Germany, saying the death penalty procedures did not satisfy constitutional requirements.

Army Pfc. Wyatt L. Matthews, convicted at Camp Algiers in West Germany of stabbing a camp librarian, Phyllis Villanueva, to death, is at the U.S. Disciplinary Barracks in Fort Leavenworth, Kansas, on death row.

In its ruling, the appellate court said, "The death penalty procedures did not satisfy the constitutional requirement that court members make specific findings of individualized aggravating circumstances."

The court dismissed 14 other defense motions but also ruled that the accused could be resentenced to death "if adequate procedures were adopted within 90 days."

Mr. Matthews' lawyer, Anthony List, said, "Without a doubt, it's a victory. There are significant ramifications on others on death row who were all convicted under the same statute."

ARTS / LEISURE

Toronto, Now Canada's Biggest City, Composers Trade Cursors on Computer Music

Is Still Groping for a Sense of Identity

By Douglas Martin
New York Times Service

TORONTO — You can still go to the old places here — those saloons with their separate gentlemen's and ladies' entrances, where the endless glasses of draft beer come in even numbers.

"Each drinker is an island unto himself," said a patron of the Wheatheaf, founded in 1849 and Toronto's oldest bar. "Ontario may be the Scotland that was."

There is also the Elm Grove Tavern, where the locals remember a man walking in six or seven years ago, shooting a customer and then strolling to another bar across the street to order a beer and wait for the police. Or the Edgewater, which a regular calls "the last bastion of the bouffant" and where old men in tuques timelessly chew on tobacco and the world's problems. Or the Winchester, where a makeshift country band sometimes forgets the words.

But the old places form a vision of the past. A collective view owing much to Presbyterianism held that drinking was something not a little disrespectful that the sinful were doubtless going to do anyway. At least they could do it in the dark.

Today they're selling beer even at the ballpark. Half the residents of greater Toronto, which with a population of three million people is Canada's biggest city, come from other countries, and 56 languages are spoken here.

From the Italians' boccie courts to the raucous colors of the houses of the Portuguese to the sometimes fatal violence between recent Chinese and Vietnamese immigrants, the peculiarly Canadian variations of English tradition no longer seem as relevant.

The change was sharply evident in a major series on ethnicity re-

cently printed in The Toronto Star. An installment was devoted to the British. Winston's, the restaurant most favored by old money and the newly important, is owned by John Arena, who was born a pauper in southern Italy and has to leave school in the third grade.

Toronto has confused outsiders ever since the first white man to appear. Étienne Brûlé, was eaten by Indians in the early 17th century.

Nonetheless, there is a school of thought that the only place to see Toronto clearly is from the outside.

Canadians are both drawn and repelled. The owner of a store in rural Nova Scotia fled Toronto years ago but keeps returning for cultural events; the Vancouver television producer was ineluctably drawn to the nation's media center but dreads its infuriating smugness, and the Alberta oilman declares that Torontonians are only about low energy prices, but comes to Toronto banks for loans.

"Personally, I always think of Toronto as a big fat rich girl who has lots of money, but no idea how to make herself attractive," wrote Robertson Davies, a noted author who nonetheless lives here.

If this peculiar ambivalence seems reminiscent of American attitudes toward New York, it is hardly a novel thought. In a recent contest on how best to improve the city, an artist and real estate developer, Charles Pachter, suggested "reduced air fares to New York."

It is, indeed, intriguing how Torontonians flock to the restaurant Joe Allen, an almost exact copy of the original on 46th Street in Manhattan. But it is hardly surprising, from draft dodgers to executives, Toronto is home to more Americans than any city outside the United States.

"The New York connection stands us in good stead," John Maxwell, proprietor, said. But he cannot refrain from one criticism. "New York is much chattier. This is such an insecure place with so little sense of itself."

Jane Jacobs, the intellectual who changed the way the world thought about its cities, moved to Toronto from New York more than a decade ago and might beg to differ.

"Here is the most hopeful and healthy city in North America, still unmanaged, still with options," she wrote in 1970.

The other day she and other experts came to a conference at the Royal York Hotel, a large gray stone fortress that was the biggest hotel in the British Empire when it opened in 1929, to discuss how things are going.

Bigger, it seems, is still not necessarily better. "The meaner buildings are, the more expensive they are," she said.

Unlike some other participants, however, she balked at suggestions that the metallic skyscrapers dominating Toronto's prickly skyline are an unpardonable affront.

"We can't trust ourselves," she said, arguing that tastes change and that yesterday's laughable gingerbread houses are today's Victorian treasures.

In practice, Pierre Berton, the writer, suggested that this meant setting the goal of preserving the commonplace, with the thought that the outstanding will take care of itself. "It is the ordinary buildings that remind us of the past, that remind us of our own idyllic childhoods," he said.

The blossoming of Toronto is generally assumed to have come partly at the expense of Montreal, which has lost people, jobs and companies.

By Peter Coy
The Associated Press

ROCHESTER, New York — The latest computer software can manipulate binary numbers into any sound from the clash of a cymbal to a violin vibrato, and many composers are grappling with how to make good use of their new tools.

"It's as if somebody just discovered that a vibrating string made sound," said Don Buchla of Berkeley, California, a composer who has made computer instruments since the 1960s.

Buchla was interviewed at the four-day, 1983 International Computer Music Conference, which ended Monday at the University of Rochester's Eastman School of Music.

The conference was held in Venice last year and will be held in Paris next year.

More than 400 experts from around the world took part. Computer music has existed since the late 1950s, when Max Matthews invented an "acoustic compiler" at Bell Laboratories in Murray Hill, New Jersey.

Composers have a far greater range of techniques from which to choose now, but several conferees questioned how many people combine the computer wizardry and musical ear to use them well.

"The real problems are the usual ones — who's making interesting music?" noted Elie Yarden, a professor at Bard College near Poughkeepsie.

Four concerts in Eastman's Kilbourn Hall gave a taste of the latest developments in the field.

Carla Scarlatti of the University of Illinois took the stage in a sleeveless black leotard and a calf-length gold lamé culotte and played harp to the accompaniment of a taped computer synthesis of whooshes, tinkles, whistles and twangs.

She called the piece "Lysogeny," which she said "describes the relationship between certain types of viruses and the bacterial cells which they infect."

The stage was as bare as "Phrase Structure Seven" played from speakers. Gary Nelson of Oberlin College Conservatory of Music in Ohio described his piece, which evoked lost crescendos passing in the night, as a study in directed motion.

"It would be nice to have a piece like this performed live," he said, but he explained that no musician could possibly duplicate the complex phrasings and rapid transitions be programmed into it.

The keynote speaker, James Andrew Moorer of Lucasfilm Audio Studio, complained that programming has become too complex for most musicians.

Moorer, who prepared the computerized sound effects for the three "Star Wars" movies, noted that one wrong instruction in a thousand-line program can produce gibberish.

"Sometimes it's funny," he said, "and sometimes it's horrifying."

Allan Schindler, head of Eastman's computer music program since 1978 and the organizer of the conference, said, "Composers who have something to say don't want to spend two years of their lives becoming computer scientists."

"Seriously doing computer music means doing mostly computers, with a little music," added Christopher Fry of Voice Processing Corp. in Cambridge, Massachusetts, who wore a tall velvet top hat to the conference.

Fry said help is on the way. The next generation of computers will be programmable using intuitive concepts like pitch and tone, rather than long series of numbers.

"Most musicians have a fear of

computers, and that's sad," Fry said. "As computers get better, it will be possible for musicians to use them with less training."

Advances in the understanding of sound production have enabled composers to mimic the sound of cellos, double basses and piccolos with almost uncanny accuracy.

But Buchla, among others, argues that computer music pioneers

should free themselves from traditional concepts of acoustic instruments, notes and harmonies.

"The history of the development of music is loaded with alien forms and alien sounds," Buchla said. "I'm not even sure that the aesthetic acoustic experience that we call music has to be pleasurable — that is, beautiful."

But Moorer said composers

should guard against making sounds that are mathematically fascinating but escapist.

"I'd hate to think we're going to get to the point where reading the score is much more interesting than listening to the music itself," he said.

Sheridan Morley will resume his London theater column in two weeks.



New luggage (left) drops the famed, some say irksome, monogram covering.

Vuitton Does Some Name Dropping

By Hebe Dorsey
International Herald Tribune

PARIS — For the first time since 1959, Louis Vuitton is introducing new luggage, and for those of the status symbol it comes as a shock. The "LV" logo is no longer repeated ad infinitum.

Made by hand, and in sober, dark red, pin-check fabric, the new suitcases are streamlined, with a minimalist, high-tech look. The old ones were strong enough, which was one of their best traits, but these are almost indestructible. They are covered with a fabric that is woven instead of printed and reinforced by a Du Pont fiber, Kevlar, which is said to be seven times stronger than steel. The old-fashioned brass hinges have been replaced by modern snap-on binders. The handle is still square-shaped and in traditional cowhide. The name Louis Vuitton or the initials appear 12 times, including at the four corners.

One thing has not changed: this new luggage is almost as heavy as the old, which was plenty heavy. To this, a company spokesman said, "How do you expect a strong bag to be light?" Each suitcase has the owner's name and identification number hidden under a metal plate at one of the corners. A customer also has a personal lock number and the same key opens all his luggage. If a key is lost, another can be ordered at any of 50 Vuitton boutiques, whether in Osaka, Geneva or Los Angeles. The new luggage is priced more or less the same as the old, 4,000 to 8,000 francs (about \$500 to \$1,000).

The firm, which was founded in 1854 by Louis Vuitton — a sturdy man who reportedly walked all the way from his native Jura mountains to Paris — launched the new line Tuesday at a cocktail party in the Vuitton building, 78 bis Avenue Marceau, whose peach walls are decorated with 1911 murals.

But why new luggage when the current monogrammed line is so popular that antique Vuitton steamer trunks are fetching astronomical prices at flea markets and current ones are selling at a rate of \$100 million a year?

"Because," a spokesman for the house said, "it's always been Vuitton's policy to keep up with the times. We're trying to introduce luggage that reflect new needs and

new technology. Trans-Atlantic liners and the Orient Express are all very well but they belong to the past. Today, you do not go around the world in 80 days, but in less than 80 hours."

The luggage is named "Challenge," after the challenger races for the 1983 America's Cup, of which Vuitton was a sponsor.

For this austere house, the introduction of new luggage has not been an easy, high-headed adventure. Fads and fashion are unknown concepts here, one is sternly told. For the last four years, the board of directors, which includes a couple of Louis Vuitton's great-granddaughters' husbands, put three design groups to work. A German, Helmut Esslinger, designed the structure; an Italian, Clio Castelli, gave the fabric structure, and in France, Solus Design proceeded with the industrial production.

Asked if they were not afraid that customers would be turned off by this new and sober Vuitton look, the spokesman said: "No, we hope this will appeal to different sensitivities. Businessmen on the move and the young generation should go for it because it is sleek and modern. Women and the establishment will probably stay with the old luggage."

The establishment has stayed with Vuitton a long time. In 1869, the sultan of Egypt ordered Vuitton trunks with trays for carrying fresh fruit. In 1875, the explorer Savorgnan de Brazza left for the Congo with a Vuitton convertible trunk-bed. In 1927, after his solo Atlantic flight, Charles Lindbergh ordered two Vuitton suitcases for his return journey — by ship. Vuitton also supplied glamorous travelers — including Coco Chanel, Sacha Guitry, Mary Pickford, Douglas Fairbanks, Marlene Dietrich and Leopold Stokowski, who ordered a custom-made chest with bookshelves, file cabinet and a table to spread his music.

Vuitton's popularity did not always reach the masses, as it does today. For decades, it catered to a clublike clientele. The uninitiated even found the brown luggage with all those LVs ugly. Things turned around after 1959 when Vuitton introduced soft luggage, including the so-called "Speedy," a small, zippered bag that doubles as a handbag, which became their best-

seller. Suddenly, the monogrammed luggage became a status symbol and a familiar sight at airports. It also became easily identifiable to customs inspectors.

All this explains why Vuitton felt like moving on to new products. Exasperation at being so heavily copied is another reason. "It will be awfully hard to copy this new luggage," the spokesman said, although Vuitton is supposed to have started his monogrammed fabric in 1896 because he too was exasperated by imitations.

Together with the launching of new luggage, Vuitton will open its museum to the public. Situated on the first floor, it will take visitors back to the days of travelling by coach, when trunks were elaborate black and bumpy boxes that doubled as seats. Among the memorabilia on display is a custom-made shoe trunk made for Lily Pons and the silver picnic hamper commissioned by the maharajah of Baroda in 1926. Vuitton still takes custom orders, one of the latest being a steamer trunk with stereo equipment.

Another interesting retrospective in Paris, with the accent also on quality craftsmanship, is on until Nov. 26 at the Hôtel de la Monnaie, 11 Quai de Conti. It was put together by the Comité Colbert, in connection with the 300th anniversary of the death of Louis XIV's finance minister. The committee is an association of 34 deluxe houses such as Dior, Hermès, Portofino, Lalique, Lanvin and Hennessy, and includes major pieces from all these houses' private collections — such as an ornament of lapis lazuli, coral, jade, onyx and diamonds created by Bonchretien for the 1925 Arts Décoratifs exhibition. Hermès's so-called "Kelly" bag, made famous by the late Princess Grace, and tiny gloves that were made for the dolls of Princesses Elizabeth and Margaret of England. Entrance fee is 10 francs.

Pikes Peak Will Keep 2 Spotlights

The Associated Press
COLORADO SPRINGS, Colorado — The Colorado Springs City Council approved a plan to keep two spotlights permanently illuminating the top of Pikes Peak.

The lights had been placed atop the 14,000-foot landmark for a monthlong trial after an emotional three-hour meeting with residents angry about the original proposal to string 18 amber, sodium vapor lights on the mountain.

The \$15,300 set of lights had been donated to the city by Al Hill of Colorado Springs. Pikes Peak was "like putting something on the American flag or the Statue of Liberty," said Murray Ross, one of the protesters.

By embracing the same traditional work ethic that was Cash Penney, the evening edition of the Wall Street Journal and the world's oldest newspaper, Mr. Walton is not alone in his quest for success.

Putting lights on Pikes Peak was "like putting something on the American flag or the Statue of Liberty," said Murray Ross, one of the protesters.

Mr. Walton is listed among the nation's wealthiest. There are 100 Walton family members in the Walton family. The Walton family is listed among the nation's wealthiest.

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INSIGHTS

In West Berlin Social Laboratory, Squatter Experiment Is Working

By Henry Tanner

International Herald Tribune

BERLIN — West Berlin has more of almost everything than West German cities: more theaters, more cinemas, more scientists, more "punks," more students, more unemployed, more people under 6 years old and over 65, and generally more problems, more imagination and more gunpoint.

Berliners like to say that they are the "social laboratory" for the rest of the country.

An estimated 10,000 young people — five times more than in West Germany on a per capita basis — have chosen a way of living outside the established economic and social structures. About half of these started as illegal squatters and were regarded as a danger to the city's social and political stability a few years ago.

Yet in the laboratory spirit of Berlin, a surprising number of the squatters have found their own niche in the life of the city.

Some collectives have become successful businesses and created jobs and training facilities for other young people. Some fulfill a social function in the poor neighborhoods where they live, running day nurseries and even schools. Some restore the dilapidated buildings with financial help from the city, which has granted them leases to the premises they occupied.

At the height of the squatter movement, in 1981, about 170 partly or wholly abandoned buildings had been occupied illegally, according to Meinhard Ade, the spokesman for the city government.

By this summer about a third of the squatters had been forcibly evicted by the police. A third had received leases to their premises after negotiation, and another third of the cases had yet to be resolved. Mr. Ade said that of the 53 buildings still illegally occupied, squatters in at least 30 can expect a lease.

A visitor can observe the changing scene in the poorest section of Kreuzberg, which, in turn, is the poorest of West Berlin's 12 city districts. There, in the shadow of the Berlin Wall, squatters and others with little or no income, including many old people and some of the city's poorest Turkish immigrants, are living next to

one another in decaying buildings along depressingly deserted and debris-strewn streets. For some the distance between their front door and the graffiti-covered Wall is the width of a broken sidewalk and half the width of what once was a street.

Of the 9,500 people living in this 10-block section, 5,500 are Turkish workers and 2,800 are under 18, according to Peter Wargin, a Social Democratic member of the Kreuzberg district assembly who is deeply involved in minority and urban problems.

Most of the old people have no other support than small pensions and some state assistance, Mr. Wargin said.

Most of the young people have come from West Germany. Many of them are squatters. Some are punks, with partly shaven skulls and combed green hair. Most are peaceful. Some are violent.

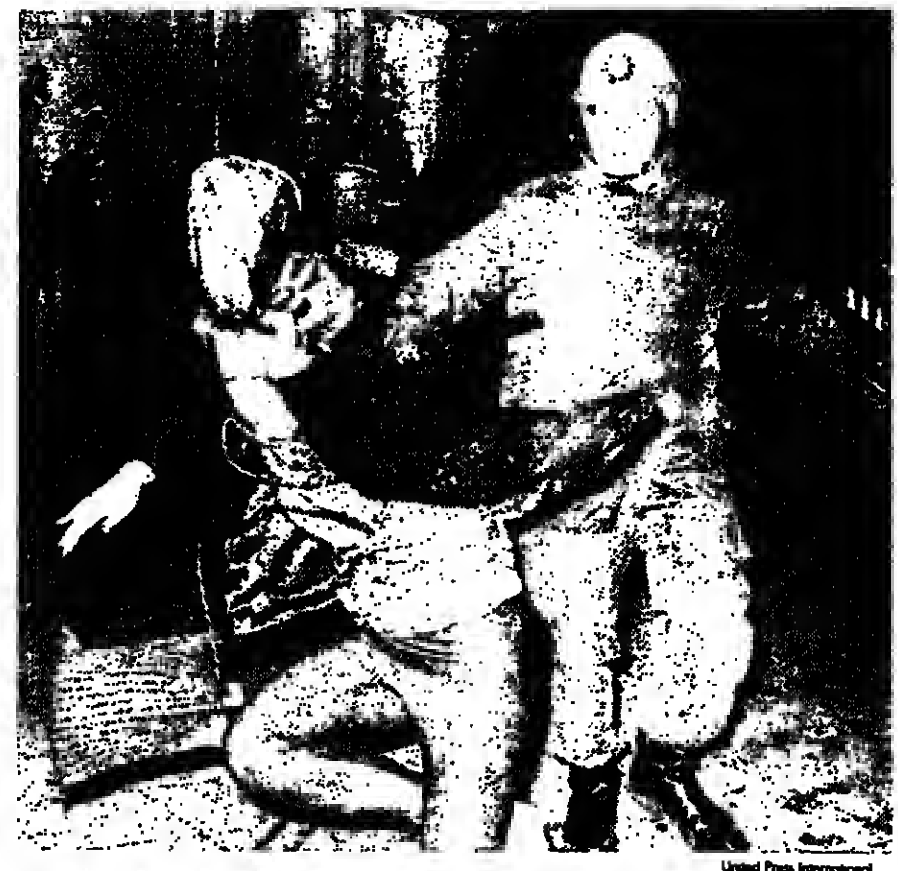
There are no policemen in sight. "They don't like to come in here," said Mr. Wargin, adding that even though there is no more serious crime than in other parts of the city, "there is a potential terrorist underground."

In spite of the blight of the area, there is scaffolding on many of the decaying buildings. One can see new window frames and newly painted walls. Inside, some of the worn wooden stairs have been replaced with bits of oak wood. Rudimentary kitchens and toilets are being fitted where there were no such facilities before. The work is unfinished and is obviously done in bits and pieces.

When the Berlin Wall was built in the early 1960s, many inhabitants left the old working-class district. The government's idea of urban renewal then was to tear down deficient old houses and raze entire blocks for new apartments where the rent was more than the original population could afford. Many old houses were left empty and kept deteriorating.

This concept of renewal was abandoned, at least partly, under the impact of the squatters, who moved into abandoned buildings by the thousands.

Now, at least in Kreuzberg, the emphasis is on saving existing structures, no matter how decrepit, and on trying to help people now living in the area, regardless of their income or condi-



A policeman chased a squatter in West Berlin's Kreuzberg district in March 1981. Now, many of the young people are playing a constructive role in the city.

tion. Legal and not yet legal occupants who convince the authorities that they are stable and responsible enough to help restore their own premises get leases and financial help for repairs, on which they pay interest of 2 percent or 3 percent. They have to form a legal association to qualify.

In some cases, skilled masons, roofers, paint-

ers and electricians are brought in to train the young occupants. After having done this kind of work for three years, a youth may qualify as a skilled artisan.

The system is admittedly still in its infancy. It was started by the Social Democrats when they governed the city and is being continued by the Christian Democratic city government.

Mr. Wargin and others see it as a way to slow the decay of the city's worst quarters, reduce social tensions and limit the potential for violence coming from the poorest part of the population. Turkish immigrants and unemployed youths. They admit that the system cannot solve West Berlin's overall employment and housing problems, which are growing worse.

Leaders of various communes assert that alternative self-help projects in West Berlin have created 4,000 to 5,000 jobs for young people that did not exist before. There are 79,000 unemployed in the city.

In Kreuzberg one group is running a "farm" with two cows, two pigs, chickens and rabbits. Others have organized small homes for old people and collective day nurseries. On the earth-covered tracks of a railroad station that was bombed into ruins 40 years ago, a 20-year-old volunteer social worker runs another small "farm" with pigs and horses for neighborhood children to ride on. The project is part of her university study program.

The two most successful and ambitious self-help communes are the Kera-Gehäuse in Kreuzberg and the Ufa Fabrik in Tempelhof.

The Kera-Gehäuse — the name comes from "core of the matter" — was started six years ago in an abandoned property typical of that part of Berlin. The houses there were built an average of 120 years ago, at the start of the industrial revolution. The factories were in the third building in the back, behind two courtyards. The workers and their families lived in the second building. The owners and other affluent people lived in the more luxurious front building facing the street, with stores on the ground floor.

The squatters started by digging up the foundations of the buildings and pouring new concrete to make them stable. Then they fixed their living quarters, and finally the "factory."

Today, the factory houses a carpentry shop, a pottery, a locksmith's shop, a small metalworking plant and other more or less related work and repair shops. There also is a small taxi fleet. Each unit works semi-independently and keeps its own books.

There are about 50 adults in the group, and some 150 workers from outside. Last winter

they repaired skis on contract for a sports store on the fashionable Kurfürstendamm. Their latest venture is manufacturing surfboards.

A member of the commune who was asked about technical skills, accounting and marketing ability and experience in financial and legal matters answered easily: "We have the ideas and we go to friends who are lawyers, engineers or artists and they teach us. Then we do it. We are learning fast."

He was self-confident and sounded more like a successful young executive than a former squatter. He had no doubt that the enterprise would continue to expand and do well. "We are a model," he said. "We will be able to advise others."

At the Ufa Fabrik, a group of squatters took over the sprawling complex of abandoned sound studios from a film company four years ago.

Today, the commune of 50 adults and 10 children has a saddle maker's shop, a bakery, a ceramics shop, a school with 12 classes, a playground and sports facilities for children and adults. It also has the only movie theater for the residents of the neighborhood and a circus that goes on tour in other parts of Germany.

A gardener, Walter, joined the commune recently and takes care of the grounds. He is in his late 70s. His age gave the commune members the idea that they could organize a place for old people. The project will be run by two nurses who had wanted to join for some time but had no suitable work.

The people of the Ufa Fabrik have friends among Berlin's journalists and have won the respect of the politicians.

At the café of the commune, one of the leaders, a long-haired, mild man in his 30s, was talking to three youngsters who looked very different: young toughs in leather jackets and pointed shoes, one with punk-style hair. It turned out that they had been found guilty of shoplifting and other offenses and were about to be sent to a penal institution. But the court, on the advice of a social worker, had sent them to the Ufa commune instead for two weeks of re-education.

"You see, we do the work the state should do," said the man from the commune.

Changes in Cultural Policy Rebound Against French Left

By John Vinocur

New York Times Service

NANTES, France — When the Socialists and the Communists came to power in this city, one of the things they promised was to open a window to let in the fresh breeze of culture. When they were voted out last spring, the opened window was probably a major factor in their defeat.

In terms of the French provinces, Socialist culture, as much as Socialist economics, was disturbing. Compressed into an opposition slogan in the Nantes mayoral campaign, it was a case of engraved invitations for the touring company of the Comédie Française being replaced by handbills announcing a city-subsidized production of something called "Lower Abdomen."

Now, with conservatives again running the city, there have been a series of dismissals and budget cuts and a general dismantling of the cultural apparatus set up by the left. The change has occurred in an atmosphere of extraordinary animosity, one that has a national character,

with the process and the invective being repeated in many French cities won back by moderates and conservatives in municipal elections this year.

Because the national government announced its "cultural project" as a central aspect of its vision of France at the time of François Mitterrand's presidential victory in 1981, culture, or at least its relation to ideology, has become a fiercely political issue in France. And because the government's polemics have been largely exclusive, suggesting that only the left could properly inspire and nurture culture, the about-face in cities like Nantes, Brest and St. Etienne is particularly upsetting to it.

Now, the question is being raised whether the methods used in trying to bring about cultural change were not shortsighted and antagonistic.

In a place like Nantes, the country's sixth largest city, culture had been largely train trips to Paris, 215 miles (345 kilometers) to the northeast, or a year's subscription to evenings here with famous troupes stopping over between Brest and Bordeaux.

In 1977, the city elected a Socialist mayor who

took office with the active support of the Communist Party. The mayor's choice as his assistant for cultural affairs was a Communist, Jocelyne Caillaud. Until 1981 and the Socialist victory in the national elections, the disputes about culture in Nantes were largely circumscribed, involving the contracts of the city orchestra and a theater director and the degree of "elitism" they practiced.

But once the backing of the national government was in hand, the City Council refused to renew the contracts of the directors of the regional Maisso de la Culture, the government-subsidized organization that decides cultural policy in many French municipalities. It was the start of a small guerrilla war.

The Socialist city government brought in its own man, Jean Blaise, to run the Maisso de la Culture. But the former director, Loïc Volard, and his friends rented their own theater and staged a production. Then, with money from the non-Socialist regional council, the renegade group circumvented the city and national governments and built its own theater from scratch in four months.

The two opposing organizations created a

kind of bidding for support: the Volard group offering what Nantes always knew as culture, and Mr. Blaise's Maisso de la Culture offering what sometimes became a caricature of the experimental.

The Socialists' cultural program included music classes, an audio-visual studio and mobile libraries — all things that went over well.

The first sizable enterprise by Mr. Blaise's administration was to bring Julian Beck's Living Theater to Nantes for several weeks. The visit, according to the newly elected conservative mayor, Michel Chauty, produced four performances, enormous expense and "a shocked populace that wondered what was their city doing subsidizing this band that looked like the Hebrews after crossing the desert for 40 years."

Both Mr. Blaise and Mr. Caillaud acknowledged that many people thought another aspect

of cultural programming helped to do in the left here. While the mayoral campaign was going on, the Maisso de la Culture was offering "Lower Abdomen," whose theme was centered on basic toilet functions. For the opposition, the play became an easy symbol: the left was weird, filthy, amateurish.

By last July, all city money for Mr. Blaise's group had been cut off and 27 employees' contracts were terminated. Mr. Blaise is staying on in the Nantes area, trying to put together "a center for cultural development" that would be backed by seven small municipalities governed by the left in the region.

He sees the issue of who runs culture in France, and the battle for it, as a surprise for the left. "We always thought it belonged to us, and that the right really conceded it," he said. "Now we realize we can lose it. It can slide away."



Jean Blaise

Turning Small Towns Into Big Profits

Discount King of Bentonville, Arkansas, Taps the American Work Ethic

By Rone Tempest

Los Angeles Times Service

BENTONVILLE, Arkansas — Most Saturday mornings, Sam Walton can be found down at the Wal-Mart Stores Inc. auditorium here leading his buyers, warehouse workers, sales clerks, truck drivers and assorted fellow executives in a rousing cheer.

"Who's No. 1?"

"Wal-Mart!"

"Gimme a 'W' ... Gimme an 'A' ..."

The Saturday morning pep rally is a tradition for Sam Walton, chairman and chief executive officer of the hugely successful chain of 610 Wal-Mart Discount City stores scattered around the South, Southwest and lower Midwest in small towns such as Skiatook, Oklahoma; Hiawatha, Kansas; Paris, Texas; Paris, Arkansas; Paris, Tennessee, and Paris, Kentucky.

Another tradition is making money. Since he opened his first Walton's Five & Dime here in 1950, shortly after getting out of the army, Samuel M. Walton, 65, has expanded until his Wal-Mart Stores Inc. is one of the fastest-growing U.S. businesses. It is getting bigger at the rate of two new discount department stores a week.

By embracing the same small-town values and rural work ethic that were the trademark of James Cash Penney, the evangelistic founder of the J.C. Penney chain, Mr. Walton has become the darling of Wall Street and one of the richest men in the world. The Walton family (including Sam and his wife, Helen, sons Jim, John and Robson and daughter Alice) controls 42 percent of the Wal-Mart stock.

On paper, at least, that makes them worth more than \$2 billion. In the bullish stock market of the last year, the paper value of the five Waltons of Bentonville, Arkansas, has risen more than \$300 million.

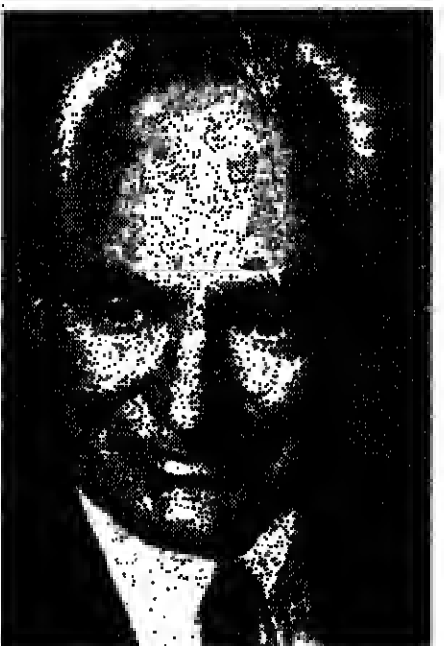
But people here say money has not changed Sam Walton. He still starts each day with a predawn breakfast in the coffee shop at the Bentonville Holiday Inn. He still holds the annual stockholders' meeting in the high school gym. His passions are still work and quail hunting, perhaps not in that order. He labeled his company line of dog food with a tribute to his favorite bird dog: "Old Fog. 1970-81. Gone but not forgotten."

Mr. Walton is listed among the Brahmins of American business. There are the Rockettellers of New York, the Hunts of Dallas, the DuPonts of Delaware and the Waltons of Bentonville.

And don't think Bentonville, population 9,000, isn't grateful. While making himself and his brood rich, Mr. Walton has done more than just a little bit to improve the fortunes of his neighbors.

Many townspeople, who had a chance to study Mr. Walton's character and business sense when he served on the local school board or with the Chamber of Commerce, bought Wal-Mart stock at \$2 a share when it first started trading in 1970. Since then, the stock has split six times. Someone who bought a thousand shares in 1970 for \$2,000 would now have 64,000 shares worth \$2.5 million.

Those kinds of numbers breed gratitude and



Samuel M. Walton

four-bedroom, ranch-style brick homes with fireplaces. Bentonville, a poultry and apple-growing center on the Ozark plateau in the northwest corner of Arkansas, has plenty of both.

"The community has been fortunate in this respect," said the Bank of Bentonville president, Burton Stacy, who has watched his bank's savings deposits increase from \$19 million to \$29 million in just a year.

Mostly as a result of the prosperity brought by Sam Walton's business genius, Bentonville has a new junior high school, an ultramodern high school, a new recreation center and a fine public library.

Saturday is Sam and Helen Walton Appreciation Day in Bentonville. Banners bridge downtown streets. Specially commissioned portraits of the couple adorn every street lamp. The Benton County Democrat, a newspaper, has come out with a souvenir edition.

"It's a chance for the people of this community and surrounding communities to show Sam and Helen how good they feel about them," said John Jeffers, president and general manager of the Bentonville Chamber of Commerce, which planned the event. "The Waltons are givers, not takers. They don't live in a mansion in the center of town and try to run everything." (The Waltons live in a large but not ostentatious glass-front home on several acres of wooded land.)

Typically, the publicity-shy Waltons would not consent to an interview. The Wal-Mart Co., which this year is expected to top \$4 billion in sales, does not even have a full-time public relations spokesman. Fritz Steiger, a young junior executive in charge of government relations, doubles as a press spokesman.

"I'm sorry," Mr. Steiger said, "but our philo-

sophy is that we do not want publicity. We see no benefit in it."

To some jaded city slickers, this might seem a somewhat provincial way to do business. But provincialism is at the heart of Wal-Mart's phenomenal success. Mr. Walton and his staff have used it to make fools out of some of their urban-based competitors.

Donald Spindel is an analyst with A.G. Edwards & Sons in St. Louis, Missouri, who has followed the company since the early 1970s.

"I think that Wal-Mart is perhaps the most unique company I have ever seen in just how well they have been able to do in just such a short period of time," he said. "Their sales last year were \$3.4 billion. This year they should hit \$4.5 billion. Within five years they could be a \$15-billion company."

Mr. Spindel sees Mr. Walton and the company's small-town base as the key to Wal-Mart's success.

"Most retailers have buying organizations out of New York," he said. "Wal-Mart has never taken anything for granted. They do all of their buying out of Bentonville. They have a work ethic and a lot of common sense. They have given a lot of responsibility to people who have never had it before."

In this way, the rise of Wal-Mart into one of the nation's largest retail chains could be entitled, "The Revenge of the Small Town." Anyone who has strayed from the interstate highways to the faded downtowns of the hamlet knows that in the eyes of each struggling, hopeful businessman are dreams of glory and enrichment. Hard work is no obstacle.

In essence, the key to Mr. Walton's triumph was his recognition of this will to succeed and his ability to tap its great strength. He was one of them when he owned the five-and-dime on Main Street. His employees, whom he calls "associates," are drawn from this same set of rural survivors. And his most successful stores are in small communities.

Mr. Walton brought pride to the small town. He recognized a market in rural communities that no one else had seen. People who once had to travel to the nearest big city to do their shopping or who, in the words of Mr. Steiger, "were price-gouged by the small local businesses," could go to a Wal-Mart in their community and get a fair price.

Because he lived among them, he knew what they wanted. If they wanted to return a product, they could, no questions asked and no receipt needed. His philosophy with employees is simple, according to former Wal-Mart President Feroldi Arend: "You treat your people right, pay 'em right and listen to them, and you can't go wrong."

Mr. Walton also lets the employees share in the company's considerable profits so that the profit-sharing account of a 10-year associate is now about \$100,000, according to Mr. Steiger.

Finally, he has resisted pressures to move his company to Dallas or Houston or St. Louis or Kansas City. Bentonville has been good to Sam Walton and he'd like to return the favor. Will the company stay in Bentonville? "Oh, yeah," Mr. Walton told a reporter for the Benton County Democrat. "We'll stay here forever."

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| NYSE Most Actives | | | | | |
|-------------------|-----------|---------|---------|---------|-------|
| Symbol | Vol. | High | Low | Close | Chg. |
| IBM | 1,200,000 | 120 1/4 | 119 3/4 | 120 1/4 | + 1/4 |
| AT&T | 1,100,000 | 25 1/4 | 25 1/8 | 25 1/4 | + 1/8 |
| GE | 1,000,000 | 28 1/4 | 28 1/8 | 28 1/4 | + 1/8 |
| Amgen | 800,000 | 110 1/4 | 109 3/4 | 110 1/4 | + 1/4 |
| Boeing | 700,000 | 100 1/4 | 99 3/4 | 100 1/4 | + 1/4 |
| Merck | 600,000 | 100 1/4 | 99 3/4 | 100 1/4 | + 1/4 |
| Johnson & Johnson | 500,000 | 100 1/4 | 99 3/4 | 100 1/4 | + 1/4 |
| McDonald's | 400,000 | 100 1/4 | 99 3/4 | 100 1/4 | + 1/4 |
| Wendy's | 300,000 | 100 1/4 | 99 3/4 | 100 1/4 | + 1/4 |
| Wendy's | 200,000 | 100 1/4 | 99 3/4 | 100 1/4 | + 1/4 |
| Wendy's | 100,000 | 100 1/4 | 99 3/4 | 100 1/4 | + 1/4 |

| Dow Jones Averages | | | | | |
|--------------------|-----------|-----------|-----------|-------|-----------|
| Index | High | Low | Close | Chg. | Vol. |
| Indus | 2,825 1/4 | 2,820 1/4 | 2,825 1/4 | + 1/4 | 1,200,000 |
| Transp | 1,100 1/4 | 1,095 1/4 | 1,100 1/4 | + 1/4 | 500,000 |
| Comp | 1,000 1/4 | 995 1/4 | 1,000 1/4 | + 1/4 | 300,000 |

| NYSE Index | | | | | |
|------------|-----------|-----------|-----------|-------|-----------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 2,825 1/4 | 2,820 1/4 | 2,825 1/4 | + 1/4 | 1,200,000 |
| Indus | 2,825 1/4 | 2,820 1/4 | 2,825 1/4 | + 1/4 | 1,200,000 |
| Transp | 1,100 1/4 | 1,095 1/4 | 1,100 1/4 | + 1/4 | 500,000 |
| Comp | 1,000 1/4 | 995 1/4 | 1,000 1/4 | + 1/4 | 300,000 |

Tuesday's NYSE Closing

Vol. of 4 p.m. 7,514,000
Prev. 4 p.m. Vol. 7,450,000
Prev. Consolidated Close 7,253,268

Tables include the nationwide prices up to the closing on Wall Street

| AMEX Diaries | | | | | |
|--------------|----------|-----------|--------------|-----------|-------------|
| Advanced | Declined | Unchanged | Total Issues | Volume up | Volume down |
| 1,200 | 800 | 500 | 2,500 | 1,500 | 1,000 |

| NASDAQ Index | | | | | |
|--------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| AMEX Most Actives | | | | | |
|-------------------|-----------|---------|---------|---------|-------|
| Symbol | Vol. | High | Low | Close | Chg. |
| IBM | 1,200,000 | 120 1/4 | 119 3/4 | 120 1/4 | + 1/4 |
| AT&T | 1,100,000 | 25 1/4 | 25 1/8 | 25 1/4 | + 1/8 |
| GE | 1,000,000 | 28 1/4 | 28 1/8 | 28 1/4 | + 1/8 |

| AMEX Stock Index | | | | | |
|------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| NYSE Diaries | | | | | |
|--------------|----------|-----------|--------------|-----------|-------------|
| Advanced | Declined | Unchanged | Total Issues | Volume up | Volume down |
| 1,200 | 800 | 500 | 2,500 | 1,500 | 1,000 |

| Odd-Lot Trading in N.Y. | | | | | |
|-------------------------|---------|---------|---------|---------|---------|
| Oct. 10 | Oct. 11 | Oct. 12 | Oct. 13 | Oct. 14 | Oct. 15 |
| 1,200 | 1,100 | 1,000 | 900 | 800 | 700 |

| Standard & Poors Index | | | | | |
|------------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| Dow Jones Bond Averages | | | | | |
|-------------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| NYSE Most Actives | | | | | |
|-------------------|-----------|---------|---------|---------|-------|
| Symbol | Vol. | High | Low | Close | Chg. |
| IBM | 1,200,000 | 120 1/4 | 119 3/4 | 120 1/4 | + 1/4 |
| AT&T | 1,100,000 | 25 1/4 | 25 1/8 | 25 1/4 | + 1/8 |
| GE | 1,000,000 | 28 1/4 | 28 1/8 | 28 1/4 | + 1/8 |

| NASDAQ Index | | | | | |
|--------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| AMEX Most Actives | | | | | |
|-------------------|-----------|---------|---------|---------|-------|
| Symbol | Vol. | High | Low | Close | Chg. |
| IBM | 1,200,000 | 120 1/4 | 119 3/4 | 120 1/4 | + 1/4 |
| AT&T | 1,100,000 | 25 1/4 | 25 1/8 | 25 1/4 | + 1/8 |
| GE | 1,000,000 | 28 1/4 | 28 1/8 | 28 1/4 | + 1/8 |

| AMEX Stock Index | | | | | |
|------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| NYSE Diaries | | | | | |
|--------------|----------|-----------|--------------|-----------|-------------|
| Advanced | Declined | Unchanged | Total Issues | Volume up | Volume down |
| 1,200 | 800 | 500 | 2,500 | 1,500 | 1,000 |

| Odd-Lot Trading in N.Y. | | | | | |
|-------------------------|---------|---------|---------|---------|---------|
| Oct. 10 | Oct. 11 | Oct. 12 | Oct. 13 | Oct. 14 | Oct. 15 |
| 1,200 | 1,100 | 1,000 | 900 | 800 | 700 |

| Standard & Poors Index | | | | | |
|------------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| Dow Jones Bond Averages | | | | | |
|-------------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| NYSE Most Actives | | | | | |
|-------------------|-----------|---------|---------|---------|-------|
| Symbol | Vol. | High | Low | Close | Chg. |
| IBM | 1,200,000 | 120 1/4 | 119 3/4 | 120 1/4 | + 1/4 |
| AT&T | 1,100,000 | 25 1/4 | 25 1/8 | 25 1/4 | + 1/8 |
| GE | 1,000,000 | 28 1/4 | 28 1/8 | 28 1/4 | + 1/8 |

| NASDAQ Index | | | | | |
|--------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| AMEX Most Actives | | | | | |
|-------------------|-----------|---------|---------|---------|-------|
| Symbol | Vol. | High | Low | Close | Chg. |
| IBM | 1,200,000 | 120 1/4 | 119 3/4 | 120 1/4 | + 1/4 |
| AT&T | 1,100,000 | 25 1/4 | 25 1/8 | 25 1/4 | + 1/8 |
| GE | 1,000,000 | 28 1/4 | 28 1/8 | 28 1/4 | + 1/8 |

| AMEX Stock Index | | | | | |
|------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| NYSE Diaries | | | | | |
|--------------|----------|-----------|--------------|-----------|-------------|
| Advanced | Declined | Unchanged | Total Issues | Volume up | Volume down |
| 1,200 | 800 | 500 | 2,500 | 1,500 | 1,000 |

| Odd-Lot Trading in N.Y. | | | | | |
|-------------------------|---------|---------|---------|---------|---------|
| Oct. 10 | Oct. 11 | Oct. 12 | Oct. 13 | Oct. 14 | Oct. 15 |
| 1,200 | 1,100 | 1,000 | 900 | 800 | 700 |

| Standard & Poors Index | | | | | |
|------------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| Dow Jones Bond Averages | | | | | |
|-------------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| NYSE Most Actives | | | | | |
|-------------------|-----------|---------|---------|---------|-------|
| Symbol | Vol. | High | Low | Close | Chg. |
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| AT&T | 1,100,000 | 25 1/4 | 25 1/8 | 25 1/4 | + 1/8 |
| GE | 1,000,000 | 28 1/4 | 28 1/8 | 28 1/4 | + 1/8 |

| NASDAQ Index | | | | | |
|--------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

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|-------------------|-----------|---------|---------|---------|-------|
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| AMEX Stock Index | | | | | |
|------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
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| Indus | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Transp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Comp | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |

| NYSE Diaries | | | | | |
|--------------|----------|-----------|--------------|-----------|-------------|
| Advanced | Declined | Unchanged | Total Issues | Volume up | Volume down |
| 1,200 | 800 | 500 | 2,500 | 1,500 | 1,000 |

| Odd-Lot Trading in N.Y. | | | | | |
|-------------------------|---------|---------|---------|---------|---------|
| Oct. 10 | Oct. 11 | Oct. 12 | Oct. 13 | Oct. 14 | Oct. 15 |
| 1,200 | 1,100 | 1,000 | 900 | 800 | 700 |

| Standard & Poors Index | | | | | |
|------------------------|-----------|-----------|-----------|-------|---------|
| Index | High | Low | Close | Chg. | Vol. |
| Composite | 1,200 1/4 | 1,195 1/4 | 1,200 1/4 | + 1/4 | 500,000 |
| Indus | 1,180 1/4 | 1,175 1/4 | 1,180 1/4 | + 1/4 | 300,000 |
| Ext | 1,220 1/4 | 1,215 1/4 | 1,220 1/4 | + 1/4 | 200,000 |
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BUSINESS PEOPLE

Atkinson Named Managing Director Of New China Investment Company

Kenneth M. Atkinson, a former associate director of Nordic Bank, has been named managing director of Kowin China Investments, a new company set up to specialize in arranging and financing business in China.

Mr. Atkinson, who joined Nordic Bank in 1976, spent much of the past four years with the bank running the \$80-million, 1,000-room Great Wall Hotel project in Beijing, which is one of the largest joint ventures involving Chinese and Western organizations.

He has made 21 trips to China since the project got under way in 1979. "Kowin China's chairman is Winston Ko, who owns a well-established group of property and industrial companies in the United States and Southeast Asia."

"We have a group of people here in London who have a track record — people who have already successfully worked with the Chinese and built up contacts with them," Mr. Atkinson said.

"Kowin China expects to work on a consultancy-fee basis or become involved in joint ventures and put up cash to take equity stakes in promising projects."

"There are a lot of companies showing interest in China's potential at the moment — and some of them have already paid large sums to Hong Kong middlemen who have simply failed to deliver," Mr. Atkinson said.

His successor in Sweden is to be Poul Van Dams Jensen, who has been based in Stockholm as regional director for Scandinavia and Iceland at R.J. Reynolds Tobacco AB, Scandinavia.

Mr. Jensen is to be responsible for manufacturing operations in Dagmar, near Lucerne, and for the marketing and sales of all Reynolds products throughout Switzerland and Austria.

Other Appointments

Eric Bourdais de Charbonniere, general manager of Morgan Guaranty Trust's Paris office, has been appointed a senior vice president of the bank. He is to be responsible for all the New York-based bank's activities in France, Greece, Italy, Portugal and Spain.

The head of Continental Bank's financial-futures division in London, Stephen Balsam, a vice president, has been transferred to the bank's Chicago headquarters to manage its worldwide financial-futures activities.

He is to be succeeded in the London office by John R. Tierney, who has joined Continental from National Westminster Financial Futures Ltd., London.

Alfred Legner has arrived in London from the Norddeutsche Landesbank's office in Luxembourg to head the bank's representative office in Britain. He is to oversee the expansion of the office into a full branch.

Nicholas F. Smith has joined Northwest American Bank as an associate director. A specialist in asset-based lending, particularly in the energy sector, Mr. Smith recently was a vice president in the corporate finance department of International Energy Bank.

Piet J. Polder has joined Boston Leasing, the British leasing subsidiary of First National Bank of Boston, as a leasing officer with responsibility for special projects.

Jan Buijck has been appointed senior accounts executive at National Westminster Bank's representative office in San Francisco. His previous post was as a manager in the aerospace section of NatWest's corporate financial-services operation in London. He succeeds Mike Hills, who is returning to London.

Elai Tal is to take over from Hassan Lehmann as manager of the Manchester branch of the Israeli bank, Bank Hapoalim. Mr. Lehmann returns to Israel to take up a post at the bank's headquarters. Mr. Tal's previous post was in a slightly different environment, as manager of the Ofakim branch, in the Negev desert.

Jo Ferraton, a marketing specialist, has been named as Dow Chemical Europe's new regional general manager in Britain and Ireland. Mr. Ferraton has been with Dow since he joined the company in France in 1965 and has held sales and marketing posts in Switzerland and France, as well as Britain and Ireland.

His predecessor as general manager, Eric Haggies, is leaving Britain after 15 years in the post to join Coral Navigation, a Dow subsidiary in Bermuda, as executive vice president.



Kenneth M. Atkinson

Airbus May Get Order For A-320s

British Caledonian Planning to Buy 7

By Axel Krause
International Herald Tribune

PARIS — British Caledonian Airways, Britain's largest independent airline, said Tuesday that it planned to order seven Airbus A-320s.

Initial development work is getting under way on the A-320, which is to have a capacity of about 150 passengers.

The order, valued at an estimated £150 million (\$225 million) and which includes an option to buy an additional three planes, was expected to play an important, but not decisive, role in beginning development and production of the A-320, industry officials said.

The A-320 has been under active study for several years by the aircraft industries and governments of France, Britain and West Germany. The three nations are the largest participants in Airbus Industrie, which hopes to make the plane commercially available in 1988.

Airbus has estimated total development costs at about \$2 billion. Industry officials estimate that \$20 million, or 1 percent of the total, has been spent on the project so far.

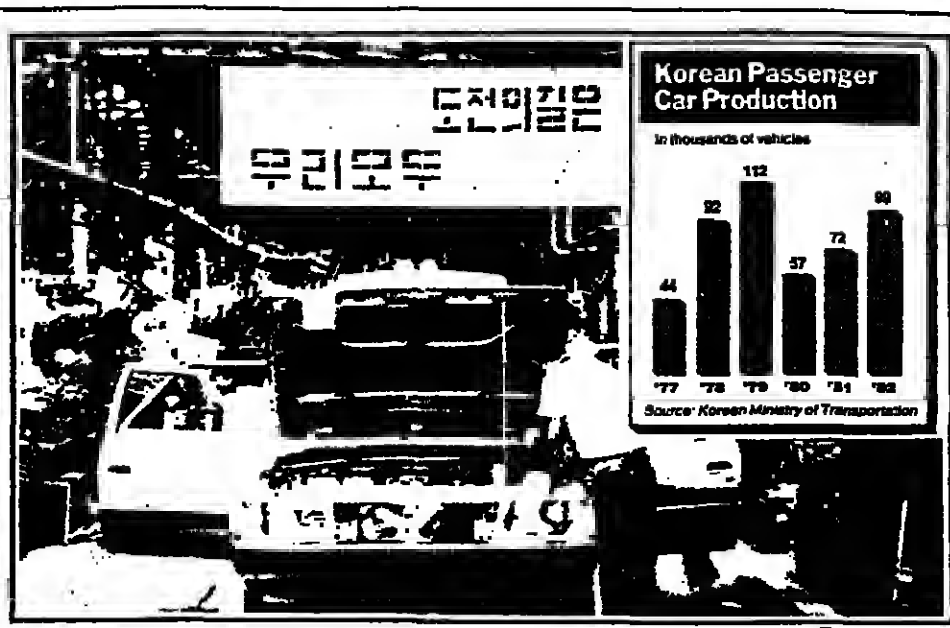
Commenting on the order at a news conference in London, Roger Beattie, general manager of the Airbus consortium, said, "It is a most significant step toward the formal launch" of the program, which he said would be decided by the participants at the end of this year.

Air France and Air Inter, France's state-controlled airlines, have ordered 35 of the twin-engine planes for delivery in the spring of 1988, with options to buy 35 more. At present, Airbus is actively negotiating additional sales with about 10 other airlines in Europe and Asia. Pierre G. Pallieret, senior vice president for marketing, said in a telephone interview from Airbus headquarters in Toulouse.

"This order will certainly help, considering that British Caledonian is a privately owned airline," Mr. Pallieret said. "The final decision to launch will be made before Dec. 31, 1983, but we might not need additional orders to start the program, since we are convinced the market [for the A-320] is there."

In London, British Caledonian said it was ordering the A-320s to replace its aging fleet of A-300s and that the choice was made amid intense competition from the Boeing 737-300, which also carries about 150 passengers, and an advanced, 140-seat version of the McDonnell Douglas DC-9 airliner. "It

(Continued on Page 11, Col. 4)



Under a sign that urges workers to put emphasis on quality control, Pony automobiles are manufactured at Hyundai Motor Co.'s plant in Ulsan, South Korea.

Korean Car Firms Regain Hopes

Surge in Buying Revives Plans for Export Push

By Steve Lohr
New York Times Service

SEOUL — There are any number of economic success stories in South Korea, but the automobile industry is not one of them. At least, not yet.

During the 1970s, in a push to turn South Korea into a major car exporter, the government sponsored an ambitious building of production capacity. But the effort was premature, and the resulting offerings were not competitive in performance and quality, especially against Japanese exports. From 1980 to 1982, the industry had losses totaling some \$200 million.

Today, however, optimism is returning. The industry, strengthened by a surge in car-buying at home, has become profitable. Factories are operating at about 65 percent of capacity.

While the domestic market will be the focus for the short term, Korean auto executives are not reticent about saying that they want their industry to be an export power someday.

"Japan proved it can be done," said Chung Se Yung, president of Hyundai Motor Co., the country's biggest automaker, "so why should we not do the same?"

There are many skeptics, however, who feel that the Korean auto industry's present base is far too small for it to be dreaming of overseas conquests. The Koreans will find it very difficult to compete with the Japanese in auto exports, the skeptics maintain, both because of the protectionism that Japan's success has already inspired and because of the big lead the Japanese industry has in low-cost, high-quality production.

Even government officials have doubts. "It is a risky industry," said Suk Sang Mok, a Western-trained economist and senior counselor to the minister of economic planning. "As an economist, I am skeptical. But in the past, no one in America thought much of Japanese cars."

The South Korean auto industry is small and sheltered from foreign competition. The companies still make some foreign cars, such as the Ford Granada produced by Hyundai, but that is a tiny part of their operations.

The leading models — Hyundai's Pony and

(Continued on Page 11, Col. 1)

Prices on NYSE Decline Sharply From Record

United Press International

NEW YORK — Stock prices plunged for the first time in six sessions Tuesday as investors cashed in on profits that had carried averages to record highs during the past week.

Investor concerns about the Iraq-Iran war and interest rates triggered selling of the oil issues that had paced Monday's record-setting session. And investors found General Electric's third-quarter earnings disappointing. (Story on Page 13.) GE stock dropped 1 1/2 to 54.

The Dow Jones industrial average, which rose 12.50 to a record 1,284.65 Monday, plunged 19.51 to 1,265.14, the worst loss since it dropped 20.23 Aug. 8.

This was a normal pullback from recent gains. Said Harry Villac of Suco & Co., Palo Alto, California. The Dow had surged 53.35 points over the previous five sessions.

Declines routed advances 1,151-511 among the 2,022 issues traded. Volume totaled 79.5 million shares, up from the 67.1 million shares traded on Monday, which was the Columbus Day holiday.

"Institutional investors returned to action and sold into the market's strength to acquire cash for a later rally," said Robert Stovall of Dean Witter Reynolds. Several automatic selling programs went into effect at the new highs.

The early "sell-off" reflected investor nervousness over the Iraq-Iran conflict, said Alan Ackerman of Herzfeld & Stern. "The market acted like another oil shock was coming."

Iran has threatened to close the Gulf of Hormuz in the Gulf if Iraq

used five Super Etendard jet fighters, equipped with Exocet missiles, sent from France.

But Michael Metz of Oppenheimer & Co. said there "is nothing new in those threats. They've been around for months. I find the stock market's action mysterious, inexplicable and disturbing."

Some investors were disturbed by reports the Federal Reserve, determined to maintain its fight against inflation, might not ease credit as long as the economic recovery proceeds at a healthy pace.

Lifemark was the most active NYSE-listed issue, off 1 1/2 to 37. The stock surged 7 Monday after the company said it was engaged in preliminary talks to be acquired.

American Telephone & Telegraph was second on the list, off 1/4 to 64 1/2. Cincinnati Gas & Electric was third, off 1/4 to 15.

Comdisco was fourth, up 2 1/2 to 26 1/2. The stock plunged 1 1/2 Monday in reaction to a negative public report. Comdisco said it would issue a detailed statement Wednesday.

Corning Glass skidded 4 1/2 to 75 1/2 following a block of 476,800 shares at 74 1/2. Corning officials said they knew of no reason for the drop in its stock.

Gulf Oil, which has risen recently on rumors that Mesa Petroleum chief T. Boone Pickens was buying its stock, added 1/4 to 45 1/4. Gulf plans to form a holding company. (See Business Briefs, Page 13.)

Among the other oils, Atlantic Richfield lost 1 1/2 to 46 1/2, Exxon 1/4 to 38, California Standard 1/4 to 36 1/2, Indiana Standard 1/4 to 49, Ohio Standard 1/4 to 53, Texaco 1/4 to 36 and Mobil 1/4 to 31.

IBM, which climbed 2 points to record highs Monday, gave up 1 1/2 to 133 in heavy trading. General Motors, another pacemaker that hit a record high Monday, dropped 1 1/2 to 76 1/2. Ford shed 1/4 to 66, Chrysler 1/4 to 30 1/2 and American Motors 1/4 to 8 1/2.

International Paper lost 1 1/2 to 53 1/2. The company reported third-quarter earnings of \$1.21 a share, up from \$2 cents a year ago. Mellon National Corp. lost 1 1/2 to 45 1/2. The company reported third-quarter earnings of \$1.57 a share, down from \$2.07 a year ago.

Northrop gained 1 1/2 to 81 1/2. Analysts said they are optimistic about the company's outlook, according to published reports.

Whirlpool, which had reported third-quarter earnings of \$1.37 a share, up from \$1.01, gained 1 1/2 to 49.

American Hniest & Derrick, which posted a \$13.2-million third-quarter loss, shed 1 1/2 to 13 1/2.

Brazil Says It Will Need \$9 Billion in New Loans

The Associated Press

HONOLULU — Brazil, the biggest debtor among the developing nations, told U.S. bankers Tuesday that its foreign debt would increase to \$100 billion by the end of next year and that it would need \$9 billion in new loans.

Brazilian officials said the country's debt problems could not be resolved until the global economy has begun to recover.

Brazil found itself unable to meet its payments on foreign loans last year as the worldwide recession cut into demand for its exports. It has been struggling to restructure its debts by stretching out repayments on existing loans and seeking new loans to help cover interest payments, while instituting economic austerity measures to try to slow imports.

Brazil's debt is currently estimated at about \$90 billion. Officials of its central bank said Tuesday that the South American nation would need new loans of \$3.8 billion this year and \$5.2 billion next year to cover shortfalls in its balance of payments.

The figures were contained in materials distributed to about 200 bankers who attended a closed meeting with Alfonso Celso Pastore, governor of Banco Central do Brasil. A copy of the material was obtained by The Associated Press.

The bankers, who are in Honolulu

for a convention of the American Bankers Association, were invited to the meeting by Manufacturers Hanover Corp., which is the lead bank for the about 800 banks with loans to Brazil.

Harry Taylor, president of Manufacturers Hanover, said the meeting would be "merely informational" and no negotiations would be conducted.

According to the materials obtained by the AP, the Brazilians outlined the steps they are taking to reduce imports and increase exports.

They said the principal actions included cutting spending by state enterprises and reducing subsidies

that hold down consumer prices for such items as food and gasoline.

They also said that Brazil's meeting its economic goals depended on its exchange-rate policy "which ensures Brazilian exports of a competitive edge, some degree of recovery in world trade, and a sharp cut in outlays on petroleum imports."

There have been rumblings at the bankers-convention that some of the smaller banks have become disenchanted with some of their international lending partnerships with the big banks.

A stream of speakers, led by the Federal Reserve Board chairman, Paul A. Volcker, have repeatedly urged the bankers not to drop out of international lending.

MCI Wins a Round Against AT&T

By Linda Greenhouse
New York Times Service

WASHINGTON — The U.S. Supreme Court Tuesday refused to overturn a federal appeals court's order for a new trial to set damages in MCI Communications Corp.'s nine-year-old antitrust suit against American Telephone & Telegraph Co.

AT&T's pioneer competitor for long-distance telephone service, MCI was awarded \$1.8 billion in damages after the first trial in 1980. That award, the biggest in antitrust history, was based on the trial jury's conclusion that AT&T had abused its monopoly power in denying MCI the interconnections it needed and in selectively setting rates below cost on competitive routes.

Last January, a federal appeals court in Chicago, overturned both the \$1.8-billion award and the jury's finding on predatory pricing, which it said was based on an erroneous legal theory. At the same time, the appeals court upheld the finding of liability against AT&T for its refusal to provide interconnections.

The court ordered a new trial to determine MCI's damages. Evidence of the effects of AT&T's pricing policy will be excluded, and MCI will be required to prove the damages it suffered as the result of AT&T's interconnection policy.

Most antitrust experts expect MCI's eventual damage award to be considerable, even with the limitations the appeals court imposed on the new trial.

Both companies filed Supreme Court appeals from that decision. In MCI v. AT&T, No. 83-32, MCI challenged the appeals court's reversal of the jury's verdict on predatory pricing. It argued that the appeals court incorrectly treated the pricing question as a technical economic issue, removed from the context of the entire case, instead of as "just one of many acts the defendant has taken to exclude a competitor."

For its part, in AT&T v. MCI, No. 83-21, AT&T argued that the appeals court erred in limiting the retrial to the damage issue. Instead, the company said, the order for the new trial should also have permitted AT&T to challenge the finding of liability on the interconnection issue.

Payment of the redemption price of the Bonds specified above will be made in the annual redemption date at the redemption price of 100 percent of the principal amount thereof, (a) at the IBG Securities Processing Department of Citibank, N.A. (formerly First National City Bank), the Principal Paying Agent under the Trust Deed referred to above, No. 111 Wall Street, in the Borough of Manhattan, The City of New York or (b) subject to any laws or regulations applicable therein, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London, Paris, Brussels, and Citibank (Luxembourg) S.A. in Luxembourg, and the principal offices of Lloyds Bank International Limited (formerly Lloyds & Bala International Bank Limited) in Amsterdam, Lloyds Bank International (Belgium) S.A. (formerly Lloyds Bank (Belgium) S.A.) in Brussels, Lloyds Bank Limited in London and Lloyds Bank International (France) Limited (formerly Lloyds Bank Europe Limited) in Paris. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City, or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on November 15, 1983. On and after the annual redemption date, interest on the said Bonds will cease to accrue, and, upon presentation and surrender of such Bonds with all coupons appertaining thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Principal Paying Agent. The amount of any missing unmailed coupons will be deducted from the sum due for payment.

Coupons due November 15, 1983 should be detached and presented for payment in the usual manner.

GRINDLAYS BANK, p.l.c.
(formerly NATIONAL AND GRINDLAYS BANK LIMITED)
By CITIBANK, N.A. as Principal Paying Agent

October 12, 1983

NOTICE
The following Bonds previously drawn for redemption have not as yet been presented for payment.

BONDS DRAWN FOR THE YEAR 1982, ANNUAL REDEMPTION INSTALLMENT
5400 5832 5936 7058 11194 11197 12154 12992 17404 18616 18628

CURRENCY RATES

Interbank exchange rates for Oct. 11, excluding bank charges

| | \$ | DM | FF | Y | £ | S | DK | Sc |
|-----------|------|------|-------|------|------|------|-------|-------|
| Amsterdam | 2.04 | 4.36 | 12.14 | 36.8 | 1.81 | 5.05 | 127.8 | 31.26 |
| Bremen | 2.04 | 4.36 | 12.14 | 36.8 | 1.81 | 5.05 | 127.8 | 31.26 |
| Frankfurt | 2.04 | 4.36 | 12.14 | 36.8 | 1.81 | 5.05 | 127.8 | 31.26 |
| London | 1.00 | — | — | — | — | — | — | — |
| Paris | 1.67 | 3.48 | 9.36 | 27.4 | 1.36 | 3.81 | 97.8 | 24.6 |
| Stockholm | 1.36 | 2.88 | 7.48 | 21.4 | 1.12 | 3.12 | 78.8 | 19.8 |
| Zurich | 1.36 | 2.88 | 7.48 | 21.4 | 1.12 | 3.12 | 78.8 | 19.8 |

1 DM = 1.36 FF, 1 FF = 20 S, 1 £ = 16 S, 1 Sc = 100 DK

Source: Reuters, Oct. 11, 1983

Dollar Values

| | \$ | DM | FF | Y | £ | S | DK | Sc |
|-----------|------|------|-------|------|------|------|-------|-------|
| Amsterdam | 2.04 | 4.36 | 12.14 | 36.8 | 1.81 | 5.05 | 127.8 | 31.26 |
| Bremen | 2.04 | 4.36 | 12.14 | 36.8 | 1.81 | 5.05 | 127.8 | 31.26 |
| Frankfurt | 2.04 | 4.36 | 12.14 | 36.8 | 1.81 | 5.05 | 127.8 | 31.26 |
| London | 1.00 | — | — | — | — | — | — | — |
| Paris | 1.67 | 3.48 | 9.36 | 27.4 | 1.36 | 3.81 | 97.8 | 24.6 |
| Stockholm | 1.36 | 2.88 | 7.48 | 21.4 | 1.12 | 3.12 | 78.8 | 19.8 |
| Zurich | 1.36 | 2.88 | 7.48 | 21.4 | 1.12 | 3.12 | 78.8 | 19.8 |

1 DM = 1.36 FF, 1 FF = 20 S, 1 £ = 16 S, 1 Sc = 100 DK

Source: Reuters, Oct. 11, 1983

INTEREST RATES

Eurocurrency Deposits Oct. 11

| | 1m | 3m | 6m | 12m | 18m | 24m | 36m | 48m | 60m |
|----|------|------|------|------|------|------|------|------|------|
| 1% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 2% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 3% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 4% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 5% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |

Source: Reuters, Oct. 11, 1983

Key Money Rates

United States

| | Class | Prev. | Class | Prev. |
|------------------------------|--------|--------|----------------------|-------|
| Discount Rate | 8 1/2 | 8 1/2 | Bank Base Rate | 9 1/2 |
| Federal Funds | 9 1/2 | 9 1/2 | Call Money | 9 1/2 |
| Prime Rate | 11 1/2 | 11 1/2 | 90-day Treasury Bill | 5 7/8 |
| Banker's Loan Rate | 10 1/2 | 10 1/2 | 3-month Interbank | 9 1/2 |
| Commercial Paper, 30-90 days | 8 1/2 | 8 1/2 | — | — |
| 3-month Treasury Bills | 8 1/2 | 8 1/2 | — | — |
| 6-month Treasury Bills | 8 1/2 | 8 1/2 | — | — |
| CDs 30-90 days | 8 1/2 | 8 1/2 | — | — |
| CDs 6-87 days | 8 1/2 | 8 1/2 | — | — |

Source: Reuters, Oct. 11, 1983

West Germany

| | 1m | 3m | 6m | 12m | 18m | 24m | 36m | 48m | 60m |
|----|------|------|------|------|------|------|------|------|------|
| 1% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 2% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 3% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 4% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 5% | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |

Source: Reuters, Oct. 11, 1983

Japan

Korean Car Firms Regain Optimism

(Continued from Page 9)

Seller, and the Daewoo Motor Corp.'s Maspey-Na are local dealers, with more than 90 percent of their parts made in Korea. Few Japanese cars are seen on the roads of South Korea.

With the government's blessing, the industry is highly concentrated. Hyundai claimed 79 percent of Korea's passenger-car production last year, while Daewoo, the country's second-largest automaker, accounted for 15 percent.

Now both companies, their confidence mounting along with their profits, have dusted off blueprints for heavy expansion projects and are charging ahead. Hyundai plans to increase its production capacity 150 percent, to 350,000 cars a year, by early 1985.

Japan's Mitsubishi Motors Corp., which last year bought a 10-percent stake in Hyundai for \$9 million, will sell to the Korean company the engine design and other technical expertise for its new model, which is to be developed sometime in the next few years.

Daewoo Motor expects that its production will more than double this year, to 30,000 passenger cars, and then double again by 1985. The company, a 50-50 joint venture with General Motors, was called Saehan until last January, when the

One reason car ownership has been limited in Korea is that, in keeping with the government's policy of curbing private consumption and encouraging investment, taxes on automobiles are very high. They account for 42 percent of the price of a Hyundai Pony bought in Korea, which sells for about \$5,500.

Domestic taxes, too, help explain the big gap between local and export prices. For example, Daewoo's subcompact, the Maspey-Na, sells for \$3,800 in Korea, while its export price is \$3,300.

Most Korean auto executives do not think domestic taxes will be reduced appreciably anytime soon.

Mr. Chung says that Hyundai's cars will be sold in Canada soon, maybe next year. As for the United States, there are no definite plans.

Exchange Backs Council Change

By Warren Brown

Washington Post Service

WASHINGTON — Chrysler Corp. will scrap a \$600-million plan to build a new small car in the United States if General Motors Corp. is allowed to import large numbers of small cars from Japan, Chrysler officials have confirmed.

Instead of fighting GM with U.S.-built cars, Chrysler would follow GM's example and import the products it needs to remain competitive in the small-car market, Chrysler officials said Monday.

That decision would do away with about 4,200 jobs at a Chrysler plant in Belvidere, Illinois, where

Chrysler Ties Small-Car Plan to Imports by GM

By Warren Brown

Washington Post Service

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That decision would do away with about 4,200 jobs at a Chrysler plant in Belvidere, Illinois, where

the new automobiles, to be known as "P-cars," were to be built for the 1986 and 1987 model years. The decision also would affect nearly 16,000 jobs at 29 companies scheduled to supply parts.

"Chrysler just can't sit here and let General Motors bring in all of those cars and do nothing about it," said Robert A. Perkins, vice president in charge of Chrysler's Washington office.

The question is whether the Japanese and U.S. governments will help GM implement its so-called Japanese strategy, Mr. Perkins said. GM wants to raise the current quotas on imported Japanese cars from 1.68 million a year to 2 million.

and to limit an extension of the quotas to one year.

General Motors also wants the Federal Trade Commission to approve a plan to allow GM, the world's largest automaker, and Toyota Motor Corp., the third largest, to produce small cars together at a former GM plant in Fremont, California.

[Toyota expects the FTC to approve the venture with GM late this month or early next month. Reuters reported Tuesday from Tokyo. A Toyota official said a joint company was likely to be set up this year.]

In addition, GM wants the federal government to lower requirements for new-car fuel consumption on a fleet-wide basis.

A reduction of these standards would help GM's sales of big cars, which the company can make and sell most profitably. The higher Japanese import quotas and the agreement with Toyota could give GM the capacity to sell nearly 500,000 small cars annually at a relatively small production cost. Reports here have said that Ja-

pan is prepared to agree to another year of the restraints, which took effect in April 1981.

Chrysler's directors voted last week to delay for nine months a final decision on building the P-car, which would replace the Omni and Horizon models. "We're holding off to see if GM's Japanese strategy is going to work," Mr. Perkins said.

He said Chrysler would, however, spend an estimated \$80 million on initial engineering and design work for the P-car.

Ford Motor Corp., the second-largest U.S. automaker, after General Motors, is also studying the possibility of importing small cars.

British Caledonian to Order 7 A-320s

(Continued from Page 9)

was a very close race to the finish," Sir Adam Thomson, chairman, told reporters.

"In the final analysis, the A-320 won because it provides the best, possible economic-operational formula for B-Cal through the 1990s," Sir Adam said, adding that the order also is expected to save about 8,000 jobs at the plants of British Aerospace in Britain. The British plants will handle about a quarter of the work on the plane, primarily making the wings.

"We are delighted that this European aircraft will make its debut in the colors of a British independent airline," Sir Adam said.

Airbus executives said that, assuming that the project is established along current operating guidelines, about two-thirds of the manufacturing would be split between France and West Germany, with final assembly in Toulouse.

France's Aerospatiale and West Germany's Deutsche Airbus each own 37.9 percent of the consortium; British Aerospace has a 20 percent holding and Spain's CASA,

which also may participate in the new program, owns 4.2 percent.

Commenting on the British order, a Boeing spokesman in Seattle said that "while we don't like to lose any [orders], we have had measures of success recently, with JAL and Qantas, and we will be back with orders for our aircraft elsewhere."

Meanwhile, the British Caledonian order was expected to accelerate development of an engine for the A-320 and other new aircraft.

"Government approval of the consortium of Pratt & Whitney [of the United States], Rolls Royce [of Britain] and others is expected in the immediate future, paving the way for the development of engines" for the new plane, a spokesman for Pratt & Whitney, a division of United Technologies, said in East Hartford, Connecticut. The British Caledonian order "brings it closer," he added.

Last month in Munich, the companies in the engine consortium agreed to develop and produce jointly a new engine for the A-320s through a new company called International Aero Engines, which

would be based in East Hartford and have other offices in Britain. The other participating companies include Japanese Aero Engines Corp.; Motoren und Turbinen Union of West Germany and Fiat Aviazione of Italy.

Airbus officials said that the only engine now under development was the CFM56-4, which is to be produced jointly by France's SNECMA, a state-owned engine maker, and General Electric of the United States.

"We get a lot of vibrations about the other engine [being developed by Pratt & Whitney and its partners] but they are still only vibrations at the present time," a senior Airbus executive said.

But the Pratt & Whitney spokesman said that its planned engine also would be ready for commercial service in early 1988 and that it planned to compete against GE and SNECMA for the contract to provide engines for the British Caledonian A-320s. Governments, however, and notably the Reagan administration, have not yet approved the venture, industry officials said.

NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS

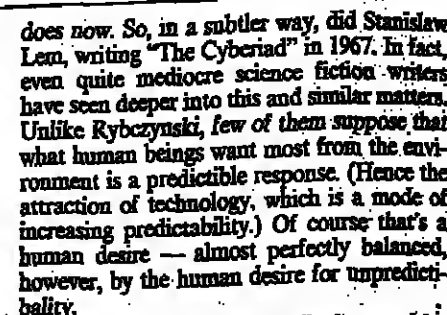
To the Holders of Matsushita Electric Industrial Co., Ltd. (Matsushita Denki Sangyo Kabushiki Kaisha) (the "Company")

6% Convertible Debentures Due November 20, 1990 (the "Debentures")

NOTICE IS HEREBY GIVEN, that the following coupon Debentures and the principal amount indicated below of the following registered Debentures of the Company have been drawn for redemption on November 20, 1983 (the "Redemption Date") for account of the Sinking Fund as a Redemption Price (the "Redemption Price") of 100% of the principal amount thereof.

| Serial Number | Principal Amount | Serial Number | Principal Amount | Serial Number | Principal Amount | Serial Number | Principal Amount |
|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|
| RM 2576 | 10,000 | RU 1211 | 10,000 | RX 1378 | 10,000 | RY 1386 | 10,000 |
| RM 2577 | 10,000 | RU 1212 | 10,000 | RX 1379 | 10,000 | RY 1387 | 10,000 |
| RM 2578 | 10,000 | RU 1213 | 10,000 | RX 1380 | 10,000 | RY 1388 | 10,000 |
| RM 2579 | 10,000 | RU 1214 | 10,000 | RX 1381 | 10,000 | RY 1389 | 10,000 |
| RM 2580 | 10,000 | RU 1215 | 10,000 | RX 1382 | 10,000 | RY 1390 | 10,000 |
| RM 2581 | 10,000 | RU 1216 | 10,000 | RX 1383 | 10,000 | RY 1391 | 10,000 |
| RM 2582 | 10,000 | RU 1217 | 10,000 | RX 1384 | 10,000 | RY 1392 | 10,000 |
| RM 2583 | 10,000 | RU 1218 | 10,000 | RX 1385 | 10,000 | RY 1393 | 10,000 |
| RM 2584 | 10,000 | RU 1219 | 10,000 | RX 1386 | 10,000 | RY 1394 | 10,000 |
| RM 2585 | 10,000 | RU 1220 | 10,000 | RX 1387 | 10,000 | RY 1395 | 10,000 |
| RM 2586 | 10,000 | RU 1221 | 10,000 | RX 1388 | 10,000 | RY 1396 | 10,000 |
| RM 2587 | 10,000 | RU 1222 | 10,000 | RX 1389 | 10,000 | RY 1397 | 10,000 |
| RM 2588 | 10,000 | RU 1223 | 10,000 | RX 1390 | 10,000 | RY 1398 | 10,000 |
| RM 2589 | 10,000 | RU 1224 | 10,000 | RX 1391 | 10,000 | RY 1399 | 10,000 |
| RM 2590 | 10,000 | RU 1225 | 10,000 | RX 1392 | 10,000 | RY 1400 | 10,000 |
| RM 2591 | 10,000 | RU 1226 | 10,000 | RX 1393 | 10,000 | RY 1401 | 10,000 |
| RM 2592 | 10,000 | RU 1227 | 10,000 | RX 1394 | 10,000 | RY 1402 | 10,000 |
| RM 2593 | 10,000 | RU 1228 | 10,000 | RX 1395 | 10,000 | RY 1403 | 10,000 |
| RM 2594 | 10,000 | RU 1229 | 10,000 | RX 1396 | 10,000 | RY 1404 | 10,000 |
| RM 2595 | 10,000 | RU 1230 | 10,000 | RX 1397 | 10,000 | RY 1405 | 10,000 |
| RM 2596 | 10,000 | RU 1231 | 10,000 | RX 1398 | 10,000 | RY 1406 | 10,000 |
| RM 2597 | 10,000 | RU 1232 | 10,000 | RX 1399 | 10,000 | RY 1407 | 10,000 |
| RM 2598 | 10,000 | RU 1233 | 10,000 | RX 1400 | 10,000 | RY 1408 | 10,000 |
| RM 2599 | 10,000 | RU 1234 | 10,000 | RX 1401 | 10,000 | RY 1409 | 10,000 |
| RM 2600 | 10,000 | RU 1235 | 10,000 | RX 1402 | 10,000 | RY 1410 | 10,000 |
| RM 2601 | 10,000 | RU 1236 | 10,000 | RX 1403 | 10,000 | RY 1411 | 10,000 |
| RM 2602 | 10,000 | RU 1237 | 10,000 | RX 1404 | 10,000 | RY 1412 | 10,000 |
| RM 2603 | 10,000 | RU 1238 | 10,000 | RX 1405 | 10,000 | RY 1413 | 10,000 |
| RM 2604 | 10,000 | RU 1239 | 10,000 | RX 1406 | 10,000 | RY 1414 | 10,000 |
| RM 2605 | 10,000 | RU 1240 | 10,000 | RX 1407 | 10,000 | RY 1415 | 10,000 |
| RM 2606 | 10,000 | RU 1241 | 10,000 | RX 1408 | 10,000 | RY 1416 | 10,000 |
| RM 2607 | 10,000 | RU 1242 | 10,000 | RX 1409 | 10,000 | RY 1417 | 10,000 |
| RM 2608 | 10,000 | RU 1243 | 10,000 | RX 1410 | 10,000 | RY 1418 | 10,000 |
| RM 2609 | 10,000 | RU 1244 | 10,000 | RX 1411 | 10,000 | RY 1419 | 10,000 |
| RM 2610 | 10,000 | RU 1245 | 10,000 | RX 1412 | 10,000 | RY 1420 | 10,000 |
| RM 2611 | 10,000 | RU 1246 | 10,000 | RX 1413 | 10,000 | RY 1421 | 10,000 |
| RM 2612 | 10,000 | RU 1247 | 10,000 | RX 1414 | 10,000 | RY 1422 | 10,000 |
| RM 2613 | 10,000 | RU 1248 | 10,000 | RX 1415 | 10,000 | RY 1423 | 10,000 |
| RM 2614 | 10,000 | RU 1249 | 10,000 | RX 1416 | 10,000 | RY 1424 | 10,000 |
| RM 2615 | 10,000 | RU 1250 | 10,000 | RX 1417 | 10,000 | RY 1425 | 10,000 |
| RM 2616 | 10,000 | RU 1251 | 10,000 | RX 1418 | 10,000 | RY 1426 | 10,000 |
| RM 2617 | 10,000 | RU 1252 | 10,000 | RX 1419 | 10,000 | RY 1427 | 10,000 |
| RM 2618 | 10,000 | RU 1253 | 10,000 | RX 1420 | 10,000 | RY 1428 | 10,000 |
| RM 2619 | 10,000 | RU 1254 | 10,000 | RX 1421 | 10,000 | RY 1429 | 10,000 |
| RM 2620 | 10,000 | RU 1255 | 10,000 | RX 1422 | 10,000 | RY 1430 | 10,000 |
| RM 2621 | 10,000 | RU 1256 | 10,000 | RX 1423 | 10,000 | RY 1431 | 10,000 |
| RM 2622 | 10,000 | RU 1257 | 10,000 | RX 1424 | 10,000 | RY 1432 | 10,000 |
| RM 2623 | 10,000 | RU 1258 | 10,000 | RX 1425 | 10,000 | RY 1433 | 10,000 |
| RM 2624 | 10,000 | RU 1259 | 10,000 | RX 1426 | 10,000 | RY 1434 | 10,000 |
| RM 2625 | 10,000 | RU 1260 | 10,000 | RX 1427 | 10,000 | RY 1435 | 10,000 |
| RM 2626 | 10,000 | RU 1261 | 10,000 | RX 1428 | 10,000 | RY 1436 | 10,000 |
| RM 2627 | 10,000 | RU 1262 | 10,000 | RX 1429 | 10,000 | RY 1437 | 10,000 |
| RM 2628 | 10,000 | RU 1263 | 10,000 | RX 1430 | 10,000 | RY 1438 | 10,000 |
| RM 2629 | 10,000 | RU 1264 | 10,000 | RX 1431 | 10,000 | RY 1439 | 10,000 |
| RM 2630 | 10,000 | RU 1265 | 10,000 | RX 1432 | 10,000 | RY 1440 | 10,000 |
| RM 2631 | 10,000 | RU 1266 | 10,000 | RX 1433 | 10,000 | RY 1441 | 10,000 |
| RM 2632 | 10,000 | RU 1267 | 10,000 | RX 1434 | 10,000 | RY 1442 | 10,000 |
| RM 2633 | 10,000 | RU 1268 | 10,000 | RX 1435 | 10,000 | RY 1443 | 10,000 |
| RM 2634 | 10,000 | RU 1269 | 10,000 | RX 1436 | 10,000 | RY 1444 | 10,000 |
| RM 2635 | 10,000 | RU 1270 | 10,000 | RX 1437 | 10,000 | RY 1445 | 10,000 |
| RM 2636 | 10,000 | RU 1271 | 10,000 | RX 1438 | 10,000 | RY 1446 | 10,000 |
| RM 2637 | 10,000 | RU 1272 | 10,000 | RX 1439 | 10,000 | RY 1447 | 10,000 |
| RM 2638 | 10,000 | RU 1273 | 10,000 | RX 1440 | 10,000 | RY 1448 | 10,000 |
| RM 2639 | 10,000 | RU 1274 | 10,000 | RX 1441 | 10,000 | RY 1449 | 10,000 |
| RM 2640 | 10,000 | RU 1275 | 10,000 | RX 1442 | 10,000 | RY 1450 | 10,000 |
| RM 2641 | 10,000 | RU 1276 | 10,000 | RX 1443 | 10,000 | RY 1451 | 10,000 |
| RM 2642 | 10,000 | RU 1277 | 10,000 | RX 1444 | 10,000 | RY 1452 | 10,000 |
| RM 2643 | 10,000 | RU 1278 | 10,000 | RX 1445 | 10,000 | RY 1453 | 10,000 |
| RM 2644 | 10,000 | RU 1279 | 10,000 | RX 1446 | 10,000 | RY 1454 | 10,000 |
| RM 2645 | 10,000 | RU 1280 | 10,000 | RX 1447 | 10,000 | RY 1455 | 10,000 |
| RM 2646 | 10,000 | RU 1281 | 10,000 | RX 1448 | 10,000 | RY 1456 | 10,000 |
| RM 2647 | 10,000 | RU 1282 | 10,000 | RX 1449 | 10,000 | RY 1457 | 10,000 |
| RM 2648 | 10,000 | RU 1283 | 10,000 | RX 1450 | 10,000 | RY 1458 | 10,000 |
| RM 2649 | 10,000 | RU 1284 | 10,000 | RX 1451 | 10,000 | RY 1459 | 10,000 |
| RM 2650 | 10,000 | RU 1285 | 10,000 | RX 1452 | 10,000 | RY 1460 | 10,000 |
| RM 2651 | 10,000 | RU 1286 | 10,000 | RX 1453 | 10,000 | RY 1461 | 10,000 |
| RM 2652 | 10,000 | RU 1287 | 10,000 | RX 1454 | 10,000 | RY 1462 | 10,000 |
| RM 2653 | 10,000 | RU 1288 | 10,000 | RX 1455 | 10,000 | RY 1463 | 10,000 |
| RM 2654 | 10,000 | RU 1289 | 10,000 | RX 1456 | 10,000 | RY 1464 | 10,000 |
| RM 2655 | 10,000 | RU 1290 | 10,000 | RX 1457 | 10,000 | RY 1465 | 10,000 |
| RM 2656 | 10,000 | RU 1291 | 10,000 | RX 1458 | 10,000 | RY 1466 | 10,000 |
| RM 2657 | 10,000 | RU 1292 | 10,000 | RX 1459 | 10,000 | RY 1467 | 10,000 |
| RM 2658 | 10,000 | RU 1293 | 10,000 | RX 1460 | 10,000 | RY 1468 | 10,000 |
| RM 2659 | 10,000 | RU 1294 | 10,000 | RX 1461 | 10,000 | RY 1469 | 10,000 |
| RM 2660 | 10,000 | RU 1295 | 10,000 | RX 1462 | 10,000 | RY 1470 | 10,000 |
| RM 2661 | 10,000 | RU 1296 | 10,000 | RX 1463 | 10,000 | RY 1471 | 10,000 |
| RM 2662 | 10,000 | RU 1297 | 10,000 | RX 1464 | 10,000 | RY 1472 | 10,000 |

BOOKS



Once I gave as the entire final exam in a science fiction course the following question: "If it were in your power to air-condition this planet, would you? Give reasons for your answer." About 11 percent of the students said they'd do it; the rest declined. They saw all the advantages in convenience and comfort; they also foresaw huge boredom.

One of my major limits, Rzybczynski does the little of forecasting in this book. If you want the kind of stimulus to control technology, it's worth looking at. If you want implications for the present and future, you'll do far better with Vincent and I am.

Noel Perrin teaches at Dartmouth and is the author of "Giving Up the Gun: Japan's Reversion to Sword, 1543-1879." He wrote this review for *The Washington Post*.

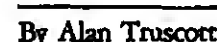
BEST SELLERS

The New York Times

This list is based on reports from more than 1,400 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

| FICTION | | Last Week on List |
|--------------|--|-------------------------|
| This Week | | |
| 1 | POLAND , by James A. Michener | 1 |
| 2 | CHANGES , by Danielle Steel | 2 |
| 3 | THE NAME OF THE ROSE , by Umberto Eco | 3 |
| 4 | HOLLYWOOD WIVES , by Jackie Collins | 3 |
| 5 | AUGUST , by Judith Rossner | 5 |
| 6 | WHO KILLED THE BORDEN FAMILY? , by Bill Adler and Thomas Chastain | 4 |
| 7 | THE RETURN OF THE JEDI , by Joan D. Vinge | 6 |
| 8 | MYSTERE TALE , by Mark Helprin | 7 |
| 9 | MONTEBLO , by Robert Mays and Amanda de Boeckgraw | 12 |
| 10 | THE AUBRECH WILL , by Stephen Birmingham | 9 |
| 11 | CHRISTINE , by Stephen King | 13 |
| 12 | THE LITTLE DRUMMER GIRL , by John L. Cow | 8 |
| 13 | THE SEDUCTION OF PETER S. , by Lawrence Sanders | 10 |
| 14 | EVERYTHING AND MORE , by Jacqueline Bricks | 11 |
| 15 | HEARTBURN , by Nora Ephron | 6 |

BRIDGE



West was afraid that his partner held a singleton jack. All returns seemed risky, and West chose to lead his low East held a singleton king, and lose in the less-likely situation in which West held all the missing trumps.

club, solving South's problem in that suit. South picked up trumps by finessing, and had no further problem. He eventually conceded a diamond to West, making the 10 tricks he had contracted for.

A slightly better line of play was available to South after he won West's club return. He should have played the heart ace and then played clubs.

As the cards lay, South would have been able to end-play West, who would have to lead a diamond or a spade eventually. The rejection of the trump finesse would gain if

NOKER
 ♠ A
 ♥ A882
 ♦ 192
 ♣ 763

WEST
 ♠ J985
 ♥ 10
 ♦ KQ84
 ♣ A4

EAST
 ♠ A79742
 ♥ 8
 ♦ 878
 ♣ 82

SOUTH
 ♠ J
 ♥ QJ764
 ♦ A76
 ♣ AK10

Neither side was vulnerable. The bidding:
 North: East: South: West:
 Pass 1 ♠ 1 ♠
 Pass Pass 2 ♠ Pass
 4 ♠

West led the spade queen.

| New York | | Hong Kong | |
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| Cross Harbor | 5.00 | Cross Harbor | 5.00 |
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| HK Power | 5.00 | HK Power | 5.00 |
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| HK Bank | 5.00 | HK Bank | 5.00 |
| HK Insurance | 5.00 | HK Insurance | 5.00 |
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| HK Forestry | 5.00 | HK Forestry | 5.00 |
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| HK Mining | 5.00 | HK Mining | 5.00 |
| HK Energy | 5.00 | HK | |

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[illegible]

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happiness at a High School

Solution to Previous Puzzle

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| 448.77 | 448.75 | ABATE | WRITS | APPEAL |
| 2,517.00 | 2,517.10 | SATURDAY | WATLINE | |

ck Exchange Industrials Index,
300 Index.

OBSERVER

Fear of Fenestration

By Russell Baker

NEW YORK — Not long ago I was hugged by Dr. Leo Buscaglia, who agrees with the telephone company and certain church people that everybody ought to reach out and touch somebody. Though I was meeting Dr. Buscaglia for the first time and don't usually take to hugging even from old friends, it was a pleasant experience.

I think this was because Dr. Buscaglia not only feels better for embracing strangers, but also thinks it will make the stranger feel better, too. In my experience, though, not many people reaching out to touch you exude his warmth and goodwill.

This may be because I live in Manhattan's human ant heap where one of life's hardest struggles is to preserve a small envelope of private space between yourself and the rest of pressing humanity. If you live alone in Nevada's desert you probably welcome an embrace from the occasional stranger. Not in New York.

In New York you cherish that tiny private space between yourself and the steamy millions, and the question of how close is too close is one that New Yorkers weigh constantly every day. The answer varies from situation to situation.

In the rush-hour subway three people pressing tightly against you are not too close, but the strange band inside your clothing is. On the sidewalk, two inches away isn't too close, but the pedestrian who violates the two-inch border and gently brushes your shoulder sets off your internal alarm system.

The question is even trickier when you get to sight lines between windows across streets and back yards. In the privacy of our apartments — homes, as we think of them — New Yorkers tend to live very much the way people live on the sparsely populated prairie.

They pare their toenails on the parlor carpet, throw lamps at each other in anger and walk around, when the mood is on them, stark naked. I know this from nine years of looking out my own windows to windows across streets and back yards, windows behind which New Yorkers feel sufficiently remote from other humanity to leave uncurtained.

New Yorkers accept having their daily lives observed by each other through their windows, provided the windows are not too close. The rule of thumb is that if you can look out your window and see the whites of your neighbor's eyes, you're too close. If he's 25 or 30 yards away, that's all right. He may be able to see what you look like — in the unlikely event both of you have had your windows washed — but he is still not inside your private life. You don't have to worry that he'll stop you on the street tomorrow morning and say, "That's really a bad case of athlete's foot you've got. I wish you'd cover your toes before you walk toward my window."

New York is always a crisis, of course, and I am now in the middle of a two-close-window crisis. For several years the back of my place looked out on a blank brick wall about four stories high. It wasn't an inspirational view unless you're moved by prison atmospherics, but in the back part of the place there was nobody gazing in.

Now, suddenly disaster: The brick wall has been punctured by windows. The owner is turning the place, once a meat packer's building, into another hive for humans, who like windows. The problem is that that wall is only 30 feet away from my windows.

The other morning, getting into my underwear, I heard a voice at my elbow saying, "You didn't get a very good shave this morning." It was a workman standing at the window that opens directly into my bedroom. I could see the whites of his eyes and notice that he had a bad hangnail.

Is this too close? Yes. Whoever rents these windows will not only be able to reach out and touch me, they will also be able to clamp a clothespin over my nose when I snore.

There are two alternatives, but trying to find a new apartment in Manhattan is like trying to catch a unicorn in the Kremlin. So I'll have a bricklayer seal up my windows. I'll be mighty dark in there then, but what's a little gloom to someone from a New Yorker as long as nobody can reach in and touch him?

New York Times Service

Gypsy Rose Lee and the Wolf

And How It Took 57 Takes to Get a Leg Lifting Scene Right

By John Noble Wilford

New York Times Service

SHOOTING a movie about

wolves in the arctic was asking

for a pack of headaches.

Weather was often the least of

the worries. There were 10 wolves

to be trained, including one that

had to learn to lift its hind leg on

cue as if urinating to mark off its

territory. That took two weeks

and 57 takes. There was the herd

of 500 wild caribou that had to be

rounded up on the tundra and then

released, along with the

wolves, at the right time and in

the right direction for the big

chase scene. That took a month to

hitting auto.

And then there was the little

problem with Farley Mowat, who

wrote the book "Never Cry Wolf"

on which the movie of the

same name is based. While on

location in the Yukon, in his capacity

as consultant, Mowat grew

so enthusiastic about the movie

that the director, Carroll Ballard,

cast him in a small role.

As Mowat told it in a telephone

interview from his home on Cape

Breton, Nova Scotia, he was to

play a bartender who has one

scene and one line in the movie.

The hero, a young Canadian

government biologist named Tyler,

looking for a bush pilot to fly him

to the area where he is to make a

study of wolf behavior. When Tyler

(played by Charles Martin

Smith) asks the bartender if he

knows of such a pilot, Mowat was

supposed to open a bottle of beer

deliberately, drink half of it in a

gulp and say something like,

"Sure, I know who you want. Ros-

sie."

It was the author's dream come

true. "I had visions of Hollywood

beating at my door and thousands

of beautiful women falling at my

feet," Mowat recalled.

But the first time the cameras

rolled, Mowat muffed his one

line. He said Gypsy Rose Lee,

instead of Rosie. Cut! The second

time was no improvement; it

came out Rosie Lee. He could not

get Gypsy Rose Lee out of his

mind. And so it went take after

disastrous take. The only part he

executed with professional aplomb

was opening and drinking the

beer. It was real beer, a new

bottle for each take.

"I'm told I gave a very convincing

performance of a drunken

bartender," Mowat said, by way

of explaining why, after some two

dozen takes, the scene and his

movie debut wound up on the

cutting-room floor. "Probably

just as well," he added. "I

couldn't have handled all those

beautiful women."

The tale proved, if nothing else,

that Mowat is just as good a story-

teller in real life as he is in his

24 books about the lands, seas, people

and wildlife of the Far North. He

makes no attempt to conceal his

emotions, which often run to

outrage. "Everything outrages me

that outrages nature," he said,

"and most of what modern man

does outrages nature."



Biologist confronts bush pilot in scene from "Never Cry Wolf."



An unlikely star.

Outrage, in fact, is the

dominant theme of "Never Cry Wolf,"

both as Mowat wrote it in 1963

and as Ballard has translated it to

the screen for Walt Disney Pict-

ures.

The story is a fictionalized

account of Mowat's own experi-

ence. Soon after World War II, he

accepted a job in Canada's

Northwest Territories as a gov-

ernment biologist assigned to in-

vestigate complaints that some-

times killing the deer and other

animals of the Far North. What

he learned first in the face of

conventional wisdom: the wolf,

he concluded, was not a reckless,

bloodthirsty killer but a predator

of the weak and infirm, a useful

role in the ecology of the arctic.

From his observations, he also

presented an image of the close-

knit and loving family life of

wolves.

The account of how the biolo-

gist made these observations of

wolf life while struggling to sur-

vive the rigors of the arctic is the

heart of the plot, which closely

follows the original book. Mowat

said he was pleased with the way

Ballard, who had directed "The

Black Stallion," handled the sub-

ject. Although the movie, rework-

ing the plot, casts the pilot Rosie

(Brian Dennehy) as a bad guy,

Mowat did not object. The direc-

tor, he said, "had to concentrate

all the adverse qualities of human

beings into one person to make

the central point of the story,

which is that humans are the re-

ally bloody species on this planet."

Many wildlife experts disputed

Mowat's research and conclu-

sions when the book was published. They suspected the work was outright fiction. Mowat describes his books as "subjective nonfiction," and says he invented the genre 20 years before Truman Capote.

But primarily the experts could not accept Mowat's revisionist interpretation of wolf behavior. Wolves, he said, were usually depicted as "savage, bloodthirsty, white-fanged beasts — all the bad qualities, human qualities, were unloaded on wolves."

Although many biologists now recognize that many of Mowat's observations were valid, they believe he has overstated the case of the good wolf.

In "Of Wolves and Men," published in 1978, Barry Holstun Lopez said: "In the past 20 years biologists have given us a new wolf, one separated from folklore. But they have not found the whole truth. For example, wolves do not kill just the old, the weak and the injured. They also kill animals in the prime of health. And they don't always kill just what they need; they sometimes kill in excess. And wolves kill each other. The reasons for these acts are not clear. No one — not biologists, not Eskimos, not backwoods hunters, not naturalist writers — knows why wolves do what they do."

The movie features dramatic photography of the arctic, engaging moments between the biologist and two Eskimos (particularly when Tyler tries to explain to them that he is eating mice to demonstrate the nutritional value of the wolves' diet) and memorable scenes of the wolf family frolicking about the tundra. If there only could have been more wolf scenes.

But anyone who read the book will want to know if the most memorable scene of the book is included in the movie. This is when Mowat, borrowing from the wolf's practice of urinating along the boundaries of its territory, consumes prodigious amounts of a high-octane alcoholic drink he calls "wolf juice" and does likewise to establish his own property rights. Only then do the wolves accept Mowat's right to the piece of the arctic on which he has pitched his camp.

Yes, the scene is in the movie, which opens in New York Friday. That is why animal trainers spent two weeks teaching a wolf named Kolchak to lift its hind leg on cue.

PEOPLE

Alabama Gets 3 Awards

At Country Music Show

The four-piece band Alabama earned the top award for the second year in a row as well as two others at the 17th annual Country Music Association awards show at Nashville. The progressive country-rock group from Fort Payne, Alabama, won the entertainer of the year award and also won honors for top album and No. 1 vocal group at the nationally televised ceremonies at the Grand Ole Opry. The singers Lee Greenwood and Jamie Fricker received awards for being the top male and female vocalists — Fricker for the second year in a row. The singer John Anderson joined Alabama as the only multiple winner, earning the single of the year award for his amusing tune about front-porch romance, "Swingin'." and the Horizon Award for most promising performer.

Although "doctors held little hope that she could recover ever," the actress Bette Davis continues to gain strength after a mastectomy and a stroke, the producer Aaron Spelling says. The 75-year-old Davis now is expected to return to the television show "Hotel" during the second half of the (television) year, which starts in January, said a statement issued by Spelling.

Natalie Wood was drunk, freezing and pulled down by the weight of a water-logged down jacket when she drowned in the Pacific Ocean at Santa Catalina Island two years ago, the former Los Angeles County Coroner Thomas Noguchi says in a new book. Noguchi says in the book "Coroner" that if Wood, 43, had been sober, she might have thought to save her life by taking the jacket off. The actress drowned Nov. 28, 1981, after falling off a yacht she owned with her husband, the actor Robert Wagner. "Coroner," written by Noguchi and Joseph Dimino, is to be published next month by Simon and Schuster. Noguchi also says in the book that Marilyn Monroe was laughing happily half an hour before she died on Aug. 4, 1962, had a mysterious bruise on her back and seemed to be reaching for the telephone when her body was found. Noguchi says that controversy will surround her death until her complete FBI file and notes and interviews from the suicide panel are made public.

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BEYOND DEATH: 'Change la Mort'

(Dr. Leon Schwartzman) A call to start the Hospice Movement (Elodie Kukul-Rod) in France. Write to: 731, Herold Tribune, 92221 Neuilly Cedex, France.
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